THE FINANCIAL POST

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The Nation's Business

National Policy and Armament Orders

THERE is little reason to doubt that decisions may shortly be made at Ottawa and at London to decide the fate of hundreds of millions of dollars worth of armament business.

If Canada indicates her willingness to become the "arsenal of Empire," it seems probable that this country will receive from Great Britain orders for aircraft, chemicals, guns and other materials and equipment which would perhaps double or treble our present exports to that country within the next five years.

So far, Canada has given "technical" assistance to British officialdom. The ability and willingness of Canadian industry and workmen to "deliver the goods" have been tested and not found wanting.

Yet only four small orders have been placed as yet. These have been given to what are called "shadow plants." They are trifling compared with what is actually in prospect.

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WHY the delay? Why is there apparent hesitancy on the part of the British Government to place really worth-while business with this country?

Partly, this seems to be due to a feeling in some circles at Ottawa that too much munitions manufacture in Canada may involve us in European wars.

But also, apparently, Mr. King suspects that the British are doing some hard, shrewd horse-trading.

He feels that they are trying to force a definite decision as to Canada's position in the scheme of Empire defense before handing out the really big plums of armament business.

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CANADA, obviously, must not have her defense policy or foreign policy dictated by considerations of war orders. But there need be no hesitation on the part of Canada to declare the full degree of cooperation she is willing to extend in the matter of Empire defense. Too often our prime minister, in his public utterances, has put emphasis upon what Canada has refused to commit herself to do rather than upon what this country is willing to do.

To put this country in the position of having her defense programme or her foreign policy dictated from London would not help to build a strong Empire. But Canada goes to the opposite extreme and flaunts her isolationism, her hesitancy in the matter of defense.

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IF THERE are any other obstacles in the way of British munitions orders for Canadian plants they should be removed. Canada should, in fact, grant every reasonable cooperation to Britain in placing orders here. Our workers are entitled to the jobs, our suppliers to the business, which will be placed somewhere in any event. Our industries should be given the necessary experience for playing any rôle they may be called upon to play in a future war involving Canada.

The country suspects that Ottawa is opposed to permitting Canadian plants to share generously in British munitions business. This suspicion should be cleared away by a straightforward statement from Ottawa as to the Government's policy. Such a statement would probably end the present impasse.

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Where Were the Leaders?

THE Investment Dealers Association of Canada met this year at Murray Bay on the St. Lawrence. This annual convention has been held for 22 years now and is the regular forum for discussions of matters affecting the members as a whole. Judging from what can be seen from the convention, however, much of the real work must be done by the committees representing the various sections of the country and by the permanent secretarial staff.

There was an almost complete lack of participation in the affairs of the convention by the senior men of the big underwriting houses. Perhaps this was because of the difficulties met by bond firms in the past year. But the association would be strengthened and would be better able to deal with the admittedly serious problems to be faced by the investment business if more active leadership was given by the men at the top.

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Lavish Spending of Other People's Money

PARLIAMENT has been rushing through its work this week to avoid July heat and adjourn. As usual, tens of millions of someone else's money has been hurriedly spent or allocated. Scores of items in the $525 millions estimated expenditures for 1938-39 have been given scarcely a word of public debate.

Even those that have been debated have had little more than desultory criticism from the Opposition benches. In the past, the chief function of the Opposition was to see that the public's money was safeguarded; the chief debates related to taxation. The average M.P. nowadays complains only if his constituency's share in the spending of

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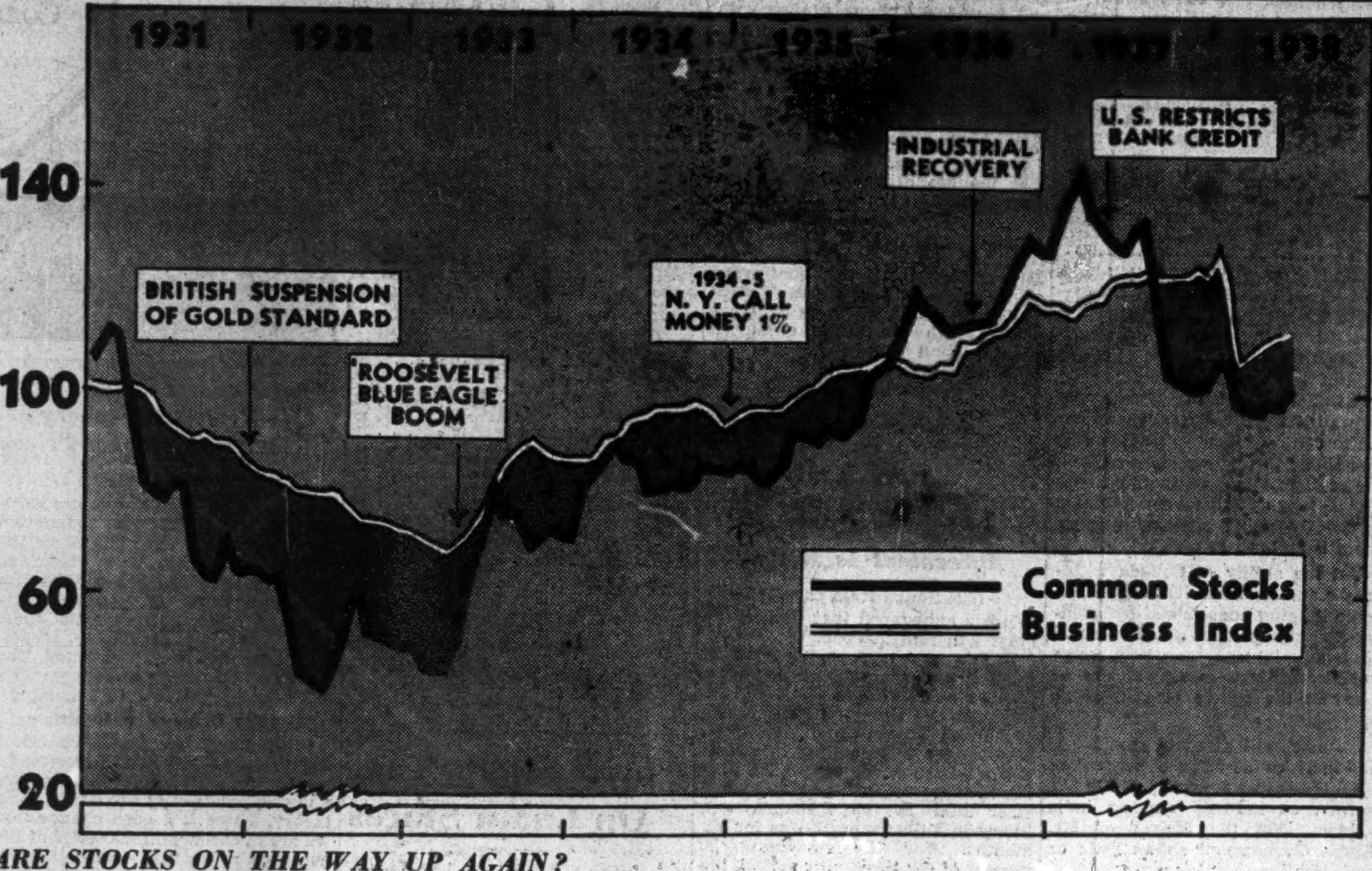

ARE STOCKS ON THE WAY UP AGAIN?

The above chart uses the Dominion Bureau of Statistics index of stocks and The Financial Post's business index. The last figures for both the stock index and business are partly estimated. Significance of the chart probably lies in the way in which these lines cross. Each time that stocks have risen above business since 1930 a reaction has taken place and also, after a period that carried stocks below the business trend, recovery has always arrived.

What Experts Think of Stocks

Commentators Shed Much of Their Pessimism — Some Feel Bear Market Has Ended but Think the Pace Too Fast

Stocks Turn Up

The extent of the rise in stock prices during the past few days is illustrated by the following table:

Closing Prices for Stock Averages

New York (Dow Jones):	June 18	June 27	% Gain
Industrials	113.23	130.48	15.23
Rails	19.73	25.00	26.71
Toronto indust. ..	106.89	116.53	9.02
Montreal indust. .	69.2	77.7	12.28
London:			
Industrials	101.8	107.2	5.30
Rails	51.0	53.8	5.49

The stock markets have moved up again and almost over night there has been a reversal of the pessimistic attitude prevalent as recently as two weeks ago.

Investors are already asking whether this is the beginning of a new bull market or merely another flurry which may give way to a reaction perhaps as drastic as the rise has been steep.

The investor who has not bought stocks to date is wondering whether he should climb into the market again. He realizes that if this movement is only a flurry he runs a serious risk of buying his stocks near the top only to see prices drop.

Other investors who have bought at the lower levels prevailing two weeks ago are wondering if they should not accept already substantial profits.

Survey of Market Opinion

A definite answer not hedged about with exceptions is hard to give. The Financial Post has made a survey of various forecasting and statistical services that publish opinions.

Pessimism is much less universal than it was a few weeks ago. But the note of caution is still to be found. The remarkable swiftness of the rise in stocks has made observers doubt the market's ability to sustain the pace and to mention a reaction as something almost to be expected. Perhaps some support for this latter idea is found in the action of the first two days of this week when an uncertain feeling made its appearance and profit taking was encountered.

No opinions from Great Britain have yet been received since the rapid rise of the past few days but United States commentators tend to accept the bull market theory.

Looking For Causes

Moody's Investors Service, New York, this week says: "Last week's spectacular advance evoked the usual quest for reasons and explanations. Devaluation rumors persist and straws of business recovery increased last week, but these scarcely suffice as explanations.

"Almost every low market eventually reaches a juncture where the growing optimism overtakes exhausted pessimism and where the impact of buying on a market bare of stocks causes a radical increase in price, and apparently something of the sort happened last week.

"The vigor and vitality of last week's rise must be considered favorable in its longer implications about business and the market but that the rate of advance will continue or that the rise will not be interrupted by reactions appears improbable."

This commentator goes on to say that a sudden revival in speculative markets should be a favorable omen for the future of both business and the stock markets. Soon, however, it will be necessary to consider carefully the course and duration of the improvement. "For the present," concludes this commentator, "the investor can sit confidently with established positions in good common stocks."

A Consumption Recovery

On June 27, Standard Statistics, New York, said of the stock markets:

"The current rise in securities appears to be based mainly upon expectations of a 'consumption' recovery as inventories are worked down and the autumn stimulus approaches. A better feeling exists, caused by reassuring statements in Washington and the upturn in commodities. While it is not believed that the time has arrived for the general utilization of cash reserves, the current improvement in the psychological factor, accompanying further adjustments within the business situation, warrants a more constructive outlook. As conditions justify, over the next few weeks, initial purchase recommendations in stocks offering definite cyclical attraction will be presented."

This statistical service has been recommending caution and a waiting policy with postponement of new market commitments. But it now feels that "the indications in this respect are sufficiently favorable to warrant partial utilization of cash reserves over the near term for the acquisition of favorably situated cyclical stocks." That Standard Statistics has not abandoned its cautious attitude, however, is shown by the statement that investors should "move cautiously until there is tangible improvement in the business outlook."

Bull Market Beginning

Among the more emphatic in the belief that the movement of the past two weeks is just the beginning of a long upturn is Robert Rhea, Dow Theory commentator writing from Colorado Springs. He says: "We are in the first phase of a bull market where prices advance as people recover from fear with no visible evidence of improved earnings and prosperity existing."

Although seeing many points of encouragement in the market action of the past week, Mr. Rhea adds:

"But fast rallies and rapidly expanding volume cannot continue forever. Great upward velocity tends to inflame speculative fever, and ultimately breeds a reaction, the severity of which is always somewhat in proportion to the type of advance."

Downtrend Reversed

Brookmire, another New York advisory service, says:

"With its impressive advance of the past week, the stock market has apparently reversed the downtrend of the past 15 months, and established a definite uptrend. While the ingredients for causing an explosive rise were clearly present, nevertheless the advance has been of such exceptional sharpness that a corrective reaction is a natural expectation. However, when such a reaction does occur—especially if accompanied by a drying up of activity—it should present a further sound opportunity for buying favorably-placed stocks."

An aggressive policy is advised for the investor and "not only should funds be kept invested, but in addition careful selection should be made of industries that possess prospects for expansion, and of companies that have enhanced prospects because of progressive management."

"The implications of market action during the past week are

(Continued on page 2, col. 7)

A Leader to Lead Canada Or a Leader to Win Elections?

By J. B. MACLEAN

"You cannot get out of a man what God Almighty didn't put into him. You must suit the man to the job; not the job to the man."

In these words the late Frank A. Munsey presented the basis of real success in life's undertakings; the explanation of our failure and why the great majority of us fail.

No sane person would race slow-moving Clydesdales, or hitch beautiful, high-strung, light-weight racers or hunters to our heavy farm or forest work.

No business undertaking could possibly succeed on such lines.

But is not that exactly what we are doing in our public affairs? The Dominion Government is Canada's greatest business undertaking. On its wise and successful administration we depend for nearly everything worth-while in our lives; from justice and fair play to everyone in his everyday affairs up to the prosperity necessary for our comfort and happiness and the unity of our peoples of all races and classes.

All classes are dependent on the real man at the top. He creates and develops and extends the enterprise, whether it is a farm, a country store or one of our great corporations. It is this man who creates and maintains continuous employment through good times and bad.

All this being so, is not next week's Convention of Conservatives to select their national leader one of the most important events in our national history for all citizens and future Canadians?

Are the delegates seeking to find a man with a successful record; a man of character, ability, courage and with vision and wisdom—a man like Sir John A. Macdonald, regardless of his race or religion?

It would seem not, if one may judge from all the press and private communications. Rather all the discussion has been on the selection of a man capable of winning the next election.

Should not the delegates, in the national interests, in their own interests, in the interests of every future Canadian, seek to select their leader for his abilities and his experience as an administrator, as a statesman of vision and courage, for the constructive national policies he is able and willing to develop and promote?

Business Jump Still Synthetic

But Col. Ayres Believes Bottom Is Now Reached

By STAFF WRITER

OTTAWA.—The automobile industry may prove the key to the rapidity of business recovery in the United States in the next six months, said Col. Leonard P. Ayres in an address this week to the American Statistical Association. The association met for the first time in Canada in conjunction with the American Association for the Advancement of Science. R. H. Coats, Dominion statistician, is president of the A.S.A. this year.

American business, said Col. Ayres, has already reached or will reach, late in 1938, the bottom of the present depression. He expects third quarter business to be about equal to that of the second quarter and that the fourth quarter will show definite improvement. This improvement

(Continued on page 2, col. 4)

C.P.R. to Lose Spokane Rail

Adoption of New Plan Will Eliminate Common Stock

From Our Own Correspondent

MONTREAL.—If the plan of reorganization and consolidation for the Spokane International Railway and the Coeur d'Alene and Pend d'Oreille Railway which has been promulgated by the Interstate Commerce Commission at Washington is accepted, the equity of the Canadian Pacific in the common stock of Spokane International will be wiped out.

In determining details of the reorganization plan, the entire commission decided the reorganized company should have no fixed interest debt and that the plan should provide for exchange of contingent interest bearing bonds and stock for present debt, with the equity of stockholders and unsecured claimants wiped out. Thus, the C.P.R., which formerly owned controlling interest in Spokane International, will have no part in reorganization of the company.

To Issue Income Bonds

The plan provides for the issuance of $2,816,400 of income mortgage bonds, bearing interest at the rate of 4½%, cumulative against available net income if earned and not paid. The maximum to which

(Continued on page 2, col. 3)

Common Sense Speculation - No. 9

How to Protect Market Profit

Bull Markets Make Money for the Investors But Profit is Not of Much Value Unless it is in Cash

By "THE TRADER"

Recent articles in this series by The Trader gave advice on how to determine the bottom of a bear market. Many readers profited to the extent of buying good stocks before the upturn of the last 10 days.

This week The Trader comes to a subject that may seem, at the moment, of academic interest—that of knowing when to sell, when a bull market is over. There will come many times when this knowledge will be of untold value.

As important as getting into the market at the right time is the getting out. And it is here the investor or speculator may have to fall back largely upon his own resources. Brokers don't like to insist on selling when stocks appear near their highs because of the universal resentment of their clients when they miss the absolute tops.

One way to conserve profits at such a time is to utilize stop-loss orders. But the best system is to become familiar with the warnings that appear when the market is churning around near its top, to act on those signals and to be content with profits taken.

What those danger signals are is discussed in this article, the ninth in a series on Common Sense Speculation by the author of Barron's weekly column, "The Trader Looks at the Market."

Next week's article, No. 10, describes the chief characteristics of bear markets, the risks in "averaging" stocks and warns against "synthetic" optimism.

The series appears exclusively in The Financial Post in Canada.

Losing a position is the dread of every big-calibre, long-pull operator. What the fear implies is simply the danger involved in selling too early and of never regaining the original commitment. Hence wealthy traders, if they attempt to scalp a profit, make the trial on a comparatively small amount of stock, on what they call their "trading line." Stock acquired for the long pull is tenaciously retained.

Here is where an element of psychology enters. It is a human weakness, that few can overcome, to balk against paying more for a stock than the price at which it has been sold. Hence if a stock is sold in the early stages of a bull-market, in the hope of replacement at a lower level, and the market refuses to go down, the chances overwhelmingly are that—regardless of all bullish signs—it will not be taken back at a higher price.

Any broker will admit that the unforgivable sin of his calling is to recommend liquidation at anything short of the absolute high. Disregarding the inherent optimism of the North American temperament and the extravagant hopes and rumors that flourish at the top of a bull market, it is the universal resentment against missing the absolute top of the swing that accounts for the paucity of selling advices when stocks are churning around at the top.

Use of "Stop Loss"

An easy way of protecting profits at what may prove to have been the top of a bull market, when the selling recommendations are so lacking, is to utilize stop-loss orders to conserve profits. If the general market has been bobbing up and down in somewhat excited fashion with characteristically high dealings, the odds are strong that a "blow off" is in the making. It is altogether likely that the most seasoned stocks may be making relatively little progress, though it is possible that a few may be enjoying ascensions. In any event, the situation calls for the clinching of profits through the placement of orders to sell when a given price is reached and that price ought to be a level that has not been violated for several weeks. The utilization of the "sell on stop order" is sound technique in the late, but never in the early stages of a bull market.

Distrust "Easy Riches"

But stop losses are only insurance against the sudden culmination of a bull market. Every veteran trader knows that it is fatal to try to jump in and out of the market. It would take the "seventh son of a seventh son" to catch all the fluctuations. In today's narrow regulated markets, the nimblest of floor traders is as badly hampered as the speculator who never goes near a board room.

In any major market movement, play only the big swing.

Avoidance of avarice is almost as vital to success as the inculcation of patience, for the desire for excessive gain is another deep-seated human failing. Always remember that all profits are "paper" until taken and that the market pendulum may some day be swinging in the other direction. Never be thrown off balance by all the fantastic tales of the money that so-and-so may have made, or, more literally, may have "on paper."

Hampering the Uninformed

There is an old anecdote relating to the exaggeration of easy market gains which runs something like this: An individual remarks to a friend that John Jones has cleaned up a profit of $10,000 on the long

(Continued on page 10)

Aberhart Has New Proposal To Hit Banks

Social Credit Caucus Hears Revised Tax Plan

FOLLOWERS RESTIVE

From Our Own Correspondent

EDMONTON.—To a Social Credit caucus here this week, Premier William Aberhart announced, The Financial Post is unofficially advised, his plan for the next onslaught on Canadian chartered banks.

The new coup, it is reported, will be in the form of legislation to provide a sliding scale of branch bank taxation with the object of offsetting any reductions resulting from the closing of branches during the current year. The scale would be so fixed that regardless of the number of Alberta branches operating at the end of the year each bank would pay the tax for which it was liable under the present Act as at Jan. 1, 1938.

The new plan would be put into effect at an early fall session of the Legislature, which Mr. Aberhart is pressing on his rather unwilling followers. Social Credit members are agreed that some early action, presumably legislative, is necessary to recoup the fortunes of the party after the Saskatchewan reverse, but a good many of them, it is reported, do not see eye to eye with their chief on the form of such action.

It is even believed in some quarters that Mr. Aberhart's ultimate aim at the next session will be to force the Lieutenant-Governor to dissolve the House. He believes a surprise election campaign might catch his opponents off their guard and return him to power.

Members Apprehensive

Social Credit members, however, are not so sure. In addition to a record of broken promises and wrecked legislation with which they must face their constituents, there is the feeling stirred up by the farm production tax of last year—now generally admitted to have been a political blunder.

Now comes Mr. Aberhart's proposal to launch new discriminatory taxation against the banks, in face of a growing tide of back concession opinion in support of the banks. The last two weeks has seen a flood of resolutions, many of them from Social Credit centres, denouncing

(Continued on page 2, col. 5)

Sherwin Paints Sales Well Ahead

From Our Own Correspondent

MONTREAL. — Sherwin-Williams Paint Co. of Canada's business so far this year is running well ahead of the same period a year ago. Dealers' inventories are reported to be low, indicating that the paint products are moving to the consumer.

Prospects continue promising and sales for the full year are expected to compare favorably with those of the 1937 fiscal year when 88 cents a share was earned on the common stock.

Canada's Policy Key To Big British Orders

Willingness of Canada to Become Arsenal of Empire Major Factor in Armament Discussion — Decision on Aviation Orders Expected Shortly — Great Britain's Condition for Using Dominion as Source of Supply

By STAFF WRITER

OTTAWA—Unless Canada's foreign policy intervenes it is expected that a huge aircraft order—perhaps the largest of any kind seen in this country since the war—will shortly be placed in Canada by the British government.

It may be that this aviation business will be placed without reference to Canada's foreign policy of "no commitments in advance." At the moment it appears that the key to this and other huge armament orders covering a wide range of materials and supplies, lies in Canada's willingness to become the "arsenal of the Empire."

For nearly a year it has been known that Britain was prepared to make huge armament commitments in this country. This was partly because of her pressing need for additional equipment. Partly it was in a realization that her own safety and strength lay in diffusing production of munitions and armaments throughout the Empire—especially in Canada.

In effect, Great Britain was being drawn to the inevitable conclusion that Canada was the ideal and ultimate "arsenal of the Empire"—a country not only for "shadow plants" such as have been created by an initial shell order to National Steel Car Co.; a Bren gun order to John Inglis Co.; a lathe order to John Hepburn, and one other order as yet undisclosed, but a major source of supply not only for aviation production, but for chemicals, metals, guns and mechanical equipment that might eventually involve $500 millions or more of business annually.

Must Fulfill Condition

But before such a far-reaching plan could be consummated the country was first faced with a decision of the very greatest significance—whether Canada could assent to the implications on foreign policy, inevitable if we became a major source of munitions supply for Great Britain.

That is the question that has caused more heart-searching on Capital Hill than has been done in many a day. It is a question which may have to be settled before Britain finally gives her "O.K." to the business which is in the offing.

Air Experts Pleased

That Canada has so far "co-operated" in assisting British interests to study the Canadian picture is unquestioned. When the British Aircraft Mission which toured this continent recently arrived at Ottawa, it was possible through the work and facilities of the Department of National Defence to give them in half a day an extraordinarily complete bird's-eye view of the whole industrial picture in respect of munitions as far as potential armament possibilities were concerned.

Within a few hours, the mission learned more about the Canadian picture than had been learned about the United States in several weeks. This was by reason of the detailed study undertaken within the past two years of some 600 or 700 Canadian plants which might be available for armament use in case of need.

The mission were obviously highly pleased with their study—so pleased that they decided it was unnecessary to visit individual plants although conversations were held with representatives of the leading aircraft

(Continued on page 12)

Abitibi Awaits Further Moves

Ontario Agreement Extended and Lease Talked for Sturgeon Falls

Apparently no definite decision has yet been reached with regard to the next step in reorganizing Abitibi Power & Paper Co. The bondholders' representative committee, under the chairmanship of J. P. Ripley, of New York, have no announcement to make as to their next action.

This committee, of course, could still carry their appeal to a higher court but a definite decision on this matter has not yet been reached.

The reorganization plan advanced by the liquidator, R. S. McPherson, is still before the court and those interested in it could proceed on two days' notice. It is understood that this plan is still pretty much in the same form that it was last presented. This plan was presented under the Companies' Creditors Arrangement Act, a Dominion statute. The latter point is of interest as it was largely on the grounds that the Ontario Judicature Act did not apply in the case of the Abitibi reorganization that both the original application for court sanction and the later appeal were thrown out of the courts.

Rumors of Sale

There have been heard some rumors of a move to put the assets up for sale. Apparently any such move would have to come from the bondholders who would foreclose on their security and instruct the Montreal Trust Co. as trustee to put the property up for sale.

Serious difficulties can be seen in such a proposal. For one thing it would be necessary to arrange for sufficient financing to carry out the sale as payment would have to be in cash. The cash could be raised through sale of securities but the present does not sem a favorable period.

Ontario Agreement Still Open

In the meantime it is believed that the company is well ahead of the requirements of its agreement with the Ontario Government which expired June 24, 1938, Hon. Peter Heenan, minister of lands and for-

(Continued on page 2, col. 5)

Highlights of the Week

What is going to happen to American railroads? The outlook is analyzed by P. H. Whaley, editor of the authoritative Whaley-Eaton Service of Washington, in his second article for The Financial Post interpreting the current position of business in the United States in relation to the New Deal.

F.D.R. Urged to Seize—p. 18.

Problems and prospects of Canada's developing aircraft production industry are dealt with in special articles and investment analyses by staff writers. Weighed is the import to the industry of the much publicized prospect of large orders for British military airplanes.

Canada's Aircraft Hopes—p. 11, 12.

Spotlight on Aircraft—p. 13.

Still fighting the merger of Windsor with neighboring municipalities, Walkerville interests are appealing to the Privy Council in an effort to escape from the melting pot.

Privy Council Plea—p. 18.

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MEN'S SHOP

Masculine Distinction in SPORTS CLOTHES

Casual clothes for host and guest on holiday are specially featured in the Men's Shop at the moment. Well-cut, easy going attire with that something that spells "d-i-s-t-i-n-c-t-i-o-n." From head to toe the Men's Shop is prepared to outfit you . . . quickly . . . correctly . . . for any sport that you care to mention. Drop in and see our wide assortments.

Remember: Free Parking while Shopping!

- Well-Woven Tweed Jackets

Hand-woven wool tweeds that you wear and wear. Grand English tailoring. Each 25.00 Other sport jackets 15.00 to 20.00

- Smart Blue Flannel Jackets

Correct for summer garden parties . . . garden weddings, dances, all-wool flannels. Single or double-breasted style. Each 15.00

- Sports Slacks — Wide Range

Flannels . . . cream . . . light, medium and dark grey — tennis cords in French blue and olive green. Carefully finished with double pleats. All wool, naturally. Pair 5.00 to 10.00

MEN'S SHOP
BAY STREET SECTION
EATON'S-COLLEGE STREET

Electrolux Corp. To Consolidate

From Our Own Correspondent

MONTREAL. — Electrolux Corp. has decided to dissolve the company's subsidiary, Electrolux Inc., and the parent company will carry on the business as an operating company.

In announcing the change, E. V. Ekman, vice-president, states: "In view of the present policy advocated by the United States Government with regard to elimination of holding companies and to simplified corporate structures, to save duplication of expenses involved in the maintenance of two corporate organizations, and to eliminate certain double taxation, both Federal and State, the directors of Electrolux Corp. have concluded that its subsidiary, Electrolux Inc., should be dissolved and the Electrolux Corp. should continue the business as an operating company.

"We are advised by counsel that, in their opinion, the liquidation of the subsidiary is a tax-free transaction under the Federal Revenue Act in 1938. No rights of stockholders of Electrolux Inc. will be changed and its financial condition will be substantially the same as its consolidated condition existing at the time of the dissolution of Electrolux Inc. There will be, however, some savings in future operating expenses."

Your Holiday Time . . .

. . . will have its many attractions, but the importance of keeping financially POSTed is obvious.

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The Nation's Business

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public money is diminished in any way.

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IN THE past three years the Dominion Government has been spending our money at the rate of $530 millions annually. This year it expects to spend $525 millions.

Except for war period 1918-20, these are the most extravagant outlays of taxpayer money through Federal channels that this country has ever countenanced.

They mean an expenditure of at least $230 per year for every wage-earner who was employed during that period. If farmers, employers and those working profitably on their own account were included, it amounts to somewhere between $150 and $200 per person.

The growth of this expenditure under three broad classifications is shown in the following tables:

Dominion Government Expenditures
(In Millions of Dollars)

	1938	1928	1918
Ordinary expend.	278.8	207.3	130.5
Debt. interest	132.1	128.9	47.8
Other expend.†	119.5	78.4	54.5
Total	530.4	414.6	232.8

†Railways, relief, etc., and excluding in 1918 the $344 millions spent for war and demobilization purposes.

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How Ordinary Expenses Soar

THE purpose of these figures is to throw some further light on what are called the "ordinary" expenditures of government.

Normally the item "ordinary expenditures" in government accounts includes debt interest charges. The figures quoted above segregate these as well as other "special" costs such as relief, railway deficits, etc.

This is to focus attention on the steady and alarming increase in the out-of-pocket expenses of running the ordinary machinery of government and the cost of providing new and increasing forms of social benefits such as old age pensions, etc.

It will be seen that these ordinary expenditures have risen one third since 1928. Since 1918 they have increased 114 per cent. This increase has been effected, although despite the ability of taxpayers to meet these imposts (measured in terms of national income) has been but two thirds of what it was in 1918 and 1928.

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EXAMINATION of these "ordinary" expenditures for 1938 is illuminating.

Comparing them with four years ago when they touched their depression "low" there has been an increase of $67 millions or 31.5%. Major items of increase are as follows: defense estimates—up $19.5 millions; old age pension costs—up $16 millions; additional aid to provinces, $6 millions.

Some of these (defense, for example) may be expected to fluctuate and perhaps decline. Others such as old age pensions are steadily mounting and will continue to do so until a proper system of contributory payments, which will distribute the burden more equitably, is introduced.

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SOME of the most striking increases are the sharply higher costs of running a number of government offices. In many cases the actual dollars and cents outlay is not large but the percentage rise in four years is startling. These figures are taken from Mr. Dunning's budget speech of two weeks ago:

Increase in Cost of Various Government Departments Between 1934 and 1938

	Incr. %
Agriculture	30
Auditor-General	24
Civil Service Commission	60
Dept. of External Affairs	50
Insurance	23
Special Grants & Contribs.	47
Labor	26
House of Commons	54
Senate	87
Secretary of State	71
Trade & Commerce	35

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THERE are few, if any, items in this list which are not strictly "controllable." Yet Parliament shows little or no disposition to exercise control. Most cabinet ministers shrug their shoulders—pretend the matter is beyond their control; that so long as Canada can maintain a steadily rising national income, there is no need to worry.

Yet the ability of Canada to increase and maintain its national income is being undermined by an increasingly expensive and expansive governmental machine which shows neither willingness nor ability to contract the sphere or cost of its operations.

Nothing will promote confidence and increase the national productivity more than a lowering of the tax burden on industry and on individuals. Yet the budget of Mr. King's Government shows little or no indication that this is realized.

C. P. R. Loses Control Of Spokane Railway Common Eliminated

(Continued from page 1)

interest is cumulative is 13½%. In addition, 26,464 shares of no par value common stock are to be issued.

These securities are to be issued to present bondholders with accrued interest being treated as principal, on the basis of $600 principal amount of new bonds and six shares of common stock for each $1,000 principal amount of present bonds and accrued interest. Principal amount of present bonds plus accrued interest totals $4,746,000.

Spokane International Railway owns 139 miles of railway line in the states of Washington and Idaho, connecting with C.P.R. lines in British Columbia. Coeur d'Alene and Pend d'Oreille Railway, which is a leased subsidiary of Spokane International, owns 21 miles of line in Idaho.

Investment of $2.6 Millions

As at Dec. 31, 1937, the C.P.R. owned $30,000 of first mortgage bonds of Spokane International and $47,000 of 5% first mortgage bonds of Coeur d'Alene and Pend d'Oreille. In addition, it owned 39,418 common shares of Spokane International, which is 93.8% of the total outstanding. While these shares have a par value of $3,941,800 they were carried by the C.P.R. at a book value of $2,532,183.

The next step in the reorganization proceedings which were initiated in 1933 will be for the Interstate Commerce Commission to certify the plant of reorganization to the U. S. District Court for the eastern district of Washington.

In U. S. railway circles the reorganization is regarded as having special significance as it is the first final plan for class 1 roads since section 77 became part of the U. S. Bankruptcy Act. The Railway Age of New York states the plan "hews a new line which if the case is taken as precedent in other pending reorganizations will have drastic and far-reaching effects on the U. S. railroad structure. Observers feel the plan offers definite proof that the commission intends to create only depression proof capital structures for those roads undergoing reorganization."

This view is of interest to the C.P.R. since reorganization of Minneapolis, St. Paul and Sault Ste. Marie Railway, in which the C.P.R also has a large common stock investment, is also pending under section 77 of the Bankruptcy Act.

Business Recovery Seen as Synthetic

(Continued from page 1)

he expects to continue into 1939. He suggested it would be a "synthetic and restricted recovery" as long as New Deal policies continued to hamper the profit motive in industry.

Rate of Recovery

Rate of recovery will depend, he believes, on ability of an industry such as the automobile group to develop the huge and rapid demand evidenced a year and a half ago. Pump priming will be slow in getting under way but if the automobile industry were to boom it would affect the whole U. S. position very rapidly. He said such a prospect was unlikely since it was very doubtful if the latent demand which existed in 1936 was present just now.

It was more probable, he suggested, that the impetus to recovery would come from a widely diffused demand for goods such as clothing, food—perhaps houses.

Col. Ayres prefaced his remarks by indicating his belief that the Government's $3.7 billions spending-lending programme was "politically primed prosperity." He sees no great prospect that new capital will be enticed into industry and that without any great profit motive business will continue its policy of watchful waiting.

"Business in the United States," he said, "is optimistic by inclination but pessimistic by information."

Canadian Viewpoint

Speaking on the Canadian point of view concerning the business outlook and Government spending plans, Courtland Elliott, economist of A. E. Ames & Co. stressed the fact that the promotion of Canadian recovery was definitely a problem of shifting from public to private channels.

"A debtor nation organized for international trade and required to carry the overhead of an elaborate capital equipment from an income that fluctuates as volume, price and outlets change must ultimately rely upon the earnings from productive effort rather than the subsidization from Government borrowings and taxation for its financial solvency and social welfare.

"We appear, therefore, to have reached a stage where, without implying the withdrawal of necessary Government intervention, we are required to consider the incentives that will draw into use the abundance of money available. Obviously, at this stage deficit-spending loses many of its advantages and, with many of our monetary objectives achieved, the problem is to shift the promotion of recovery from public to private channels."

Saskatchewan Has July 1 Maturity

The newly re-elected government of Premier W. J. Patterson in Saskatchewan is faced with some immediate problems. Among these would be included the $1.5 million of 6% bonds which mature on July 1, 1938. This issue, which is payable in New York, and Canadian funds, is the only bond maturity facing the Saskatchewan Government until $3 millions comes due on May 1, 1939. Like most other Saskatchewan bond issues it is exempt from succession duties, provincial income tax, municipal and school taxes within the province.

It is expected that arrangements will be made whereby the July 1 maturity will be handled satisfactorily, although no announcement is available yet.

Report Issued On Turner Valley

Oil Producing Area Expected to Widen to the South

A preliminary report has recently been issued by the Geological Survey Division of the Department of Mines and Resources, Ottawa, dealing with the structure of Southern Turner Valley as determined by drilling and a study of the rock outcrops and their economic significance. Their significance is interpreted by G. S. Hume, who is well known as an authority on Turner Valley.

The cross sections make it appear that the dip of the strata on the west flank of Turner Valley is less in the southern than in the more northerly parts. This feature is directly related to the plunge of the Turner Valley structure southward at its south end and the Turner Valley faulted structure is expected to pass southward into an unfaulted anticline and finally into an east dipping monocline. The oil producing area is expected to become progressively wider southward until owing to the increase in depth in this direction the oil-water line is reached.

Abitibi Plans Await Next Committee Move Agreement Is Extended

(Continued from page 1)

ests has announced that this agreement will remain open.

In this agreement negotiated with the Ontario Government last June specific mention was made of the Espanola and Sturgeon Falls plants of Abitibi. Within three years these plants were to be placed in operation either in whole or in part. Under the agreement, the company had clear title to the Espanola and Sturgeon Falls timber limits for six months. For the remaining 30 months of the three-year period, the Ontario Government may alienate part of these limits and at the end of three years may alienate all of them, the company receiving no compensation. The Government may also take over the Espanola and Sturgeon Falls physical assets of the company, but proceeds from any such disposal would go to the company, excluding those from the sale of timber limits, which are held under a crown grant.

Sturgeon Falls Negotiations

Some negotiations have recently been opened between a group of Sturgeon Falls businessmen and G. T. Clarkson, receiver and manager of Abitibi, toward leasing the Sturgeon Falls plant. No offer has been made to purchase the plant. Negotiations have not proceeded far enough yet to be certain what success they will likely have. Reports of the syndicate's plans indicated that "nearly sufficient" funds were on deposit.

The syndicate, which is headed by W. H. Gibbs, of Sturgeon Falls, plans to operate the plant, if negotiations are successful, as a pulpwood operation, ignoring the sulphite and other features. About a third of the mill capacity would be utilized at first.

Discussing the Sturgeon Falls and Espanola plants in his last report, G. T. Clarkson referred to the report on these properties received from two firms of engineers with the following conclusion: "On Sept. 25, 1937, such engineers recommended that no further consideration be given to the rehabilitation of the mills as newsprint mills by Abitibi and expressed the opinion that any sums of money which might be spent on either of the two plants could be put to better use at other mills of the company; they stated they were of the opinion that a salvage value existed in both properties, consisting of a limited amount of usable machinery and equipment and in the potential values of waterpower rights and developments."

Aberhart's New Plan To Hit at the Banks

(Continued from page 1)

the present bank taxation and calling for its disallowance.

Whatever the motive of the chartered banks in reducing the number of their Alberta branches, the people are blaming Aberhart and his tax. With the threat of having bank services taken from them, residents of small Alberta towns have been jolted sufficiently from the Social Credit spell to appreciate their value.

To make matters worse, Mr. Aberhart is reported none too anxious to supplement his own legislation for the establishment of credit unions. His "Baby Bank" Act has been on the statute books for months and there are said to be no less than 142 applications now before the Government. So far few, if any, applications have been granted.

Altogether, Mr. Aberhart's two days in conclave with his chosen followers are believed to have been none too pleasant for the Social Credit Moses. There were murmurings among the people which he is reported to have found it hard to silence.

The Saskatchewan election plunge, it is understood, was the brilliant idea of the Aberhart-Byrne-Powell triumvirate. The caucus as a whole was never solidly behind it. Had it achieved any measure of success it would undoubtedly have been hailed as a brilliant stroke of party politics. There would have been a clamoring from the rank and file for an early Alberta election to cash in on the victory.

Blame for its complete failure, on the other hand, is being laid at Aberhart's door. With the shadow of Saskatchewan over them, caucus members are afraid to meet their constituents and are afraid to trust their fortunes in the form of sessional indemnities to a leader who has betrayed them. The Aberhart tide is at low ebb.

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Thrift Fights Tax On Chain Stores

Claims Montreal Levy Illegal and Discriminatory

Action has been started in Superior Court by Thrift Stores Ltd. and Stop & Shop Ltd. to test the validity of chain store taxes imposed by the City of Montreal, on the grounds that such taxes are discriminatory and illegal. The companies are seeking to have set aside legislation which amended the charter of the City of Montreal and the city by-law, claiming that both are ultra vires. The companies were incorporated under Dominion charter.

Thrift Stores, controlled by Stop & Shop operates 67 chain stores in Montreal; 35 Thrift stores and 32 stores, formerly Stop & Shop units, but now operated by Thrift Stores.

Under recent civic legislation, passed by means of amended charter, owners of chain grocery stores in Montreal are required to pay a tax of $1,000 for every store in excess of 10. In addition there is a surtax of 8% or $80.

Taxation of chain stores is based on a sliding scale. For butcher stores, one store is charged $50; 2 to 5, inclusive, $100 each; from 6 to 10, inclusive, $500 each, and more than 10, $1,000 each. Two to 5 grocery stores are charged $100 for each store; 5 to 10 stores, inclusive, $500 each and more than 10, $1,000 each. In both cases a surtax of 8% is levied.

The two companies are liable under this law for payments totalling $52,127 for the year.

In addition the company claim the return of $73,717 from the city for taxes collected as far back as 1933, when it is claimed discriminatory taxes were first imposed.

Facilitating Canadian Trade and Commerce the World Over

MODERN, EXPERIENCED BANKING SERVICE . . . . the outcome of 120 years' successful operation

HEAD OFFICE, MONTREAL

BANK OF MONTREAL
ESTABLISHED 1817
ASSETS OVER $800,000,000

What Experts Think Of Recent Recovery In Stock Market Prices

(Continued from page 1)

definite," says Fitch's investors' service, of New York, "The foundation level which has been laid since the end of March has been succeeded by a phase of rising prices. What has transpired so far has been so extensive and rapid, however, that some benefits of our previously recommended policy should be taken. The increase of cash reserves from 10% to 15% of account totals is suggested."

Awaits Conclusive Evidence

In Barron's this week The Dow Theorist says "minor and intermediate trends of the stock market are upward, according to the Dow theory. There is a good chance that we are in a new bull market, but the evidence as to that does not seem conclusive, even although both volume and price indication are much the most bullish in more than 15 months."

Unhealthy Symptoms

The Trader, also writing in Barron's, says:

"The explosive character of the rise and abnormal volume of trading are the most unhealthy symptoms of the market. Not in the past has the first swing in a dynamic bull market got under way in such fashion. Too much too soon may have been discounted. For the past three months the stock market has been saying that it would not go down, and consequently a market that would not go down could go up. Now, however, that it has gone up, it must have solid meat on which to feed in the shape of unadulterated bullish news."

After discussing the lack of buying by business men and certain "fundamental developments," the Trader concludes:

"The sensational rise in the stock market has brought a complete metamorphosis of sentiment in the financial world and in the field of business. In the latter enormous buying of cotton textiles and the rise in commodities tell the story. But amazing uplift in values is chiefly the result of a wave of emotional buying, and operations in an emotionally governed market are subject to greater than normal speculative hazards. The promise of the future now proves as bright as the stubborn resistance of the market all spring implied, yet the relation of stocks to earnings has been completely thrown out of gear. And for the thousands who 'missed the boat' the danger is great in rushing aboard at least until the swell subsides."

In the Annalist, New York, this week considerable speculation as to the cause of the dramatic upturn in the market is seen with the conclusion that:

"It is apparent, that the recent recovery in stocks has been in part a result of a favorable turn in business and in part a technical readjustment from an oversold condition. This being the case, the immediate outlook for stocks depends largely on whether business can continue to improve sufficiently to prevent a correction such as most traders would ordinarily expect after so sharp a recovery.

"The importance of the course of business is evidently increased by the fact that with prices in the general area of the April and May highs a somewhat larger supply of stock might be expected on the market. Business activity in general is considerably lower now than it was either one or two months ago, and in spite of recent slight improvement the same is true of commodity prices. It would not seem unreasonable therefore, to expect that more conclusive signs of a business recovery will be forthcoming if stocks are to improve further from this general level."

Reaction May Come

Also feeling that the rise has been pretty fast and some reaction might be expected, Richard J. Anderson writing in The Financial World, New York, says that "whatever the course of prices over the next week or so, the prospects are such as to warrant the assumption of greater market risks than have seemed advisable since early last year." Going on to refer to stocks recommended for purchase in The Financial World since April, Mr. Anderson adds that "preference should be accorded to well situated issues in such groups as the following: building equipment; farm implement; steel; industrial machinery; mail orders; chemicals; and some of the utilities and strongly entrenched rails."

Edgar J. Kay Is Named Head of Underwriters

New president of the Canadian Underwriters Association elected this week at the annual meeting St. Andrews, N.B., is Edgar J. Kay, of Montreal. He succeeds John Holroyde, of Montreal.

Vice-presidents and chairman are: fire branch, Adam McBride, Montreal; casualty, S. W. Band, Toronto; automobile, Kenneth Thom, Toronto.

Other officers are: vice-chairmen—fire branch, B. W. Ballard, Toronto; casualty, John Jenkins, Montreal; automobile, A. C. Hall, Montreal; council members—F. S. Garrison, Toronto; Lawson T. Hargreaves, Toronto; C. E. Sanders, Montreal; Robert L. Stailing, Toronto, and E. M. Whitney, Toronto.

SIMPSON'S — The Store for Men

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About the next best thing to going about in shirt sleeves is to wear one of SIMPSON'S tropical worsted suits. You can barely feel them on your shoulders because of their light weight and construction. They keep you looking as neat as your heavy suits — yet are comfortable and cool. Step into The Store for Men and pick your pattern. The cool tropical worsted you select will be individually hand cut — and expertly tailored to your specifications. SECOND FLOOR

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Budget Club Terms — One-fifth now, balance plus service charge, in four equal monthly amounts.

Simpson's

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Issued	Sold to	Rate	Due	Amount	Price	Yield
Rimouski, Que.	June	Locally	4%	1939-58	$62,500	100	4%
Smith Township, Ont.	June	Midland Securities	3½%	20-ins.	21,500	100.57	3.33%
Liverpool, N.S.	June	Dominion Securities	3½%	15-ser.	20,000	100.37	3.45%

OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

Bond Issues—	Date Issued	Offered by	Rate	Due	Amount	Price	Yield
Sisters of St. Joseph for Diocese of Toronto in Upper Canada	June	Dominion Securities	4%	1943-53	$600,000	....	....

London Calling

by Atticus

Visit of Great Britain's King to France Reawakens Dormant Royalist Emotions in Republican Breasts

LORD HARLECH

LONDON—

Unless one has been across the channel recently it is almost impossible to realize the excitement of France about the visit of the King and Queen. In some inexplicable way it has aroused emotions that have their roots in the deep earth of the past. A French playwright tried to explain it to me.

"We are royalists at heart," he said. "When your King comes to Paris he will hear us cry 'Vive le Roi!' as only the French people can do. 'Vive le Roi!' It will be magnificent, unforgettable. The King will be happy, for France alone knows how to welcome a king."

At this stage he became so emotional that tears welled into his eyes and his gestures threatened to sweep the dishes not only off the luncheon table but clean out of the restaurant. Fortunately on the continent these things are understood and the waiters unobtrusively cleared a space on the table which allowed my friend complete self-expression at the minimum of risk to the crockery. Later in the day I had to attend an official function in which the playwright turned up in a morning coat and a Scotch plaid tie. I can only suppose, that the tie was an advance tribute to our gracious Queen.

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Yearning for a King

There is no question, however, that in the heart of the great republics there linger the memory and perhaps some yearning for a king. Nations, like men, cannot live without their idols and, in the case of republics, the idols so often develop feet of clay. Perhaps that is why America likes to look upon our monarchy as being to some small extent their own. They remind themselves that although they went their own way, as children are wont to do, and refused any longer to live under the Imperial roof, they still cherish the traditions of the British race—with monarchy first in their affections.

The year 1938 may become known as the year of state visits. We have had the "Viva!" and the "Heil!" in the case of Herr Hitler and Signor Mussolini. Now we are to have the "Vive le Roi!" followed by the Parisians dancing in the street. Truly we live in interesting times.

• • •

The Airways Chief

Sir John Reith is a man of surprises. On returning from the Continent I duly purchased a picture newspaper to see what new glories had graced Ascot and found the portrait of Sir John in grey topper as the prize attraction. Somehow I would not have expected to see this tall, gaunt Scot at Ascot. He has the appearance of one who scorns the lighter moments and walks in the stern shadow of the manse. Yet I recalled that once I sat next to him at a prize fight, and did he not play the butler in an amateur production? Now he is to be the new chief of Imperial Airways, an appointment almost as unexpected as that of Sir Thomas Inskip to his present post and which drew from Mr. Churchill at the time the immortal comment: "It must be a typist's error."

I can remember the general surprise when John Reith, the engineer, was made general manager of the British Broadcasting Corp. in 1927. It was a strange selection, for there was little in the stern forbidding appearance of the tall Scot to suggest that he would make a success as the nation's impresario of radio entertainment.

The truth is, of course, that he has made an enormous success of it. Admittedly he has been fortunate. Every time a campaign started on the basis that "Reith must go!" his critics overdid it. They attributed to him the brutality of Ivan the Terrible, the methods of the Ogpu and the general malevolence of Dr. Miracle in the Tales of Hoffman. Inevitably these waves broke on the cliffs of overstatement and Sir John emerged stronger than ever. In fact it might be said that like Lord Baldwin he is deeply indebted to those who tried to destroy him.

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Sir John had the immense advantage of being apprenticed to a Glasgow engineering firm after a preparatory and technical education. Like most men who have achieved success without it he has a deep respect, almost amounting to awe, for a university education. In that, however, he merely is true to his race, for the Scot holds most dear not the learning of experience but the wisdom that is hidden in books and the minds of professors.

No doubt the new Airways chief will make a success of his new job. He brings to it a prestige which he lacked when joining the B.B.C. What is more his engineering experience (he was formerly the general manager of William Beardmore & Co.) will be of great value. After all the only justification for the uncompanionable business of flying is the speed with which one arrives at one's destination. I prophesy that Sir John will shorten the distances between the poles once he puts his hand on the throttle of Imperial Airways.

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To Meet the Don

Notes such as these should indulge occasionally in calculated indiscretions. Therefore, I shall now reveal the staggering secret that recently a dinner took place at the House of Commons which included Sir Samuel Hoare, Sir John Simon, Mr. Attlee, Sir Archibald Sinclair, Sir Kingsley Wood, Lord Marchwood (the new Conservative Treasurer), Viscount Davidson (the man of secrets), Major Astor, Mr. W. S. Morrison, Mr. A. V. Alexander, Mr. Oliver Stanley and Lord Stanley. There were many others as well, but surely I have revealed enough to start the wires humming and to enable those American journals which specialize in revealing the deep plots in British politics to come out with the story of the new cabal against the Premier.

Actually the dinner was given by Mr. Stanley Holmes in honor of the visiting Australian cricketers and naturally the invitations sent out carried the agreeable but stern character of a Royal Command. Mr. Bradman and his colleagues can rightly flatter themselves that no other 11 men in existence could command a larger percentage of acceptances from the great ones of Westminster.

Sir John Simon always bats on a good wicket when he makes an after dinner speech and once more he left the rest of his political team mates muttering "How does he do it?" Without a note and with the easy familiarity of one who might have lived only for cricket he recalled the match between Australia and England in 1882. He gave the names of each player of those teams without the slightest hesitation, described their performances and won laughter by telling how the English batted as slowly and carefully as possible to try to stave off defeat. A cynical Conservative M.P. passed me a note with these words: "Who supplied John with his brief?" Later in the evening I asked the Chancellor how far he had refreshed his memory before making the speech. In reply he offered to give the names and scores of all the principal county players at that time. Unfortunately the division bell prevented this interesting excursion into memory.

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Honors List

Most people, perhaps, think of Honors Lists as a record of new peerages, baronetcies, and knighthoods with, now and then, an O. M. or C. H. thrown in. These, more or less, interest the whole country; but in every List there are, in addition, the names of hundreds of men and women, known only in their own districts or in the offices where they have done faithful service.

To glance down the recent List is to get a view of the immense range and variety of the public work which, on these occasions, receives recognition from the Crown—the military and civil services, politics, local government, philanthropy, literature, science, the arts, and so on. And it may be that the honors conferred on those who are least known give the most pleasure to the recipients.

Perhaps the greatest name in the List is that of Professor Sir Arthur Eddington, the astronomer, who brings added renown to the Order of Merit. His achievements are not to be recounted here, and for his personality he shuns the limelight.

• • •

Ex-Minister Now a Lord

All who know his record over many years are pleased with the new distinction conferred on Lord Harlech — the G. C. M. G. He has just retired from the Cabinet for no other reason than that on the death of his father he became a peer. As Mr. Ormsby-Gore, he was in the House of Commons for eight-and-twenty years, and, had the law allowed it, he would probably have preferred to remain there.

It is no exaggeration to say that there has been no Colonial Secretary in our time with fuller knowledge of the vast territories for the administration of which he was responsible. In his case it is not merely a general knowledge acquired from books and papers and personal contacts here in London. He has travelled much in the Colonies. He has an unrivalled acquaintance with the personnel of Colonial Governments. The pros and cons of colonial problems are at his fingers' ends.

When opportunity arises, he may again be in the Cabinet. Meantime, he will have no difficulty in filling up his time, for he is one of the most versatile of our public men. He is a trustee of the British Museum and of the Tate Gallery, and recently became president of the National Museum of Wales.

• • •

A Party Chairman

Mr. Douglas Hacking, who has well earned his baronetcy, is a Lancashire man who has been consistently faithful to his country. He went over the border to school at Giggleswick, but his university was Manchester, he served in a Lancashire regiment, and for twenty years he has represented a Lancashire constituency.

He will not seek re-election, and after the Dissolution, whenever that comes, the House will lose one of its handsomest members. If the qualification for the highest offices were good looks, Mr. Hacking would be sure of a seat in the Cabinet —a distinction he has not attained. But he also stands the test of the old saying, that "Handsome is as handsome does." He has been Under-Secretary of five Departments, and has always cut a good figure on the Front Bench.

For two years he has been an excellent chairman of the Conservative Party, an office he need not give up when he leaves Parliament. It is never an easy job, and sometimes brings more kicks than ha'pence; for elections cannot always be won, and when they are lost it is party headquarters that usually stands the racket.

• • •

How Has He Done It?

SIR JOSIAH STAMP

I have paid tribute to three men of parts, admired their achievements, and shown them as models of industry in the public service. They have done well but, after all, not better than many before them. Their record encourages without conveying any sense of hopelessness in those who wish to emulate their example. But that cannot be said of one of the new peers, Sir Josiah Stamp. I have just been reading a record of his achievements and, if I were a young man just beginning my career, it would reduce me to despair. How has he done it all?

No public school, followed by years of leisurely study at one of the ancient universities, for Josiah Charles Stamp. He began work for a pittance when he was fifteen, got a humble footing in the Civil Service a year later, and then educated himself, moving up step by step in Whitehall and at the same time working in his leisure hours to such purpose that he took the London science degree with first-class honors. He married when he was twenty-three, but this was an incentive to still harder work, and his colleagues in the Inland Revenue Department began to wonder how even a large head could carry all he knew.

When he left the Treasury, still under forty, important positions in industry came to him almost as a matter of course. But he was now an important man also in the academic world. A dozen home and overseas universities gave him honorary degrees; no one was more in request for learned lectures; he sat on many Royal Commissions and Departmental Committees; and in whatever capacity he served men marvelled at his mastery of abstruse problems in economics and his easy, confident handling of statistics in mass and in detail.

How many public positions he holds today I do not know: the chief of them are the chairmanship of the L.M.S. and a directorship of the Bank of England. Nor am I aware what his political affiliations are; whatever they are he will be a welcome reinforcement of erudition and practical experience in the House of Lords.

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A Refugee

I close with a respectful salute to Professor Freud, the world-famous pioneer of psychoanalysis, who has arrived in London from Austria. One is glad to hear that there was no truth in the reports that he was subjected to personal ill-treatment in Vienna, that the Germans allowed him to depart in comfort, and that his precious library is to follow him to England. But the Nazis prefer his absence to his company.

SIR JOHN REITH

It is by a strange conception of State policy that Germany is thought to be better without such men as Sigmund Freud and Albert Einstein. But they are Jews, and with the Nazis that is justification enough for exile, even when it means the intellectual impoverishment of their own country. I hope they will note that the announcements of Professor Freud's arrival in London contained no complaint, and, indeed, gave denial of the reports of ill-treatment to which I have referred.

What impressed me most in a long after-luncheon talk with Einstein when he came an exile to London was the magnanimous temper of all his references to Germany. He had suffered, but there was no complaining word, no slightest approach to bitterness. It was only in reply to questions that he said anything about the anti-Jewish campaign; and he went out of his way to find reasons in the treatment of Germany after the war for the present state of things.

Though he is eighty-two and his health needs careful attention Professor Freud is anxious to continue his work in London. The welcome given to him here is sincere; we may be proud that for such a man England is still safe refuge.

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Committee Will Investigate Toronto Area Municipalities

Appointment of Ruthven Hay, president of Harold F. Ritchie & Co., to the committee investigating municipal administration in the Toronto area completes the membership.

The committee, named recently by Hon. Eric Cross, Minister of Municipal Affairs, is headed by A. J. B. Gray, supervisor of defaulting municipalities and former reeve of York Township. Other members include:

G. F. Rogers, chief inspector, department of education;
William Storey, consulting engineer;
H. C. Jeffries, president, Viceroy Manufacturing Co.;
L. E. S. Dack, manager;
Christopher Bennett, manufacturer's agent, and James Crang, instructor.

The committee has been instructed to investigate administrative functions in the Toronto area where 13 separate municipal units of government operate. In this area are the municipalities of Toronto, York and East York Townships, Forest Hill Village, Leaside, Weston, Swansea, Mimico, New Toronto, Long Branch and the urban portions adjacent to North York, Etobicoke and Scarborough Townships.

Twelve separate municipal governments administer the affairs of 200,000 people in the suburban sections and each operates its own fire and police departments, waterworks, hydro and sewage plants, assessment and engineering departments, school units and general municipal staffs.

The future course of these municipalities in regard to expansion, autonomy or union, and whether or not overlapping of civic utilities can be eliminated, will be investigated by the committee.

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Crops May Aid B.C. Lumbering

Revival of Prairie Demand May Offset Cut in Exports

From Our Own Correspondent

VANCOUVER.—Prospects of good crops at profitable prices on the Canadian prairies are buoying the hopes of British Columbia lumbermen, who envision the likelihood of selling up to half a billion feet of lumber in that market.

Under normal conditions, the prairies are regarded as one of the three or four best sales outlets, and one of the reasons for the tremendous expansion in export business during the last few years has been the collapse of lumber trade in the western provinces.

Optimism Growing

For this and other reasons, the coast lumbermen are in a much more optimistic mood than they were a few weeks ago.

Another favorable factor has been the improvement in the lumber market in the United States. Building has been stimulated there, with the result that American sawmills are selling more. For that reason their competition in export fields is not as dangerous, nor is their need for a slice of the British market so pressing.

A third factor in the favor of British Columbia has been lower freight rates on ocean ships. Last year the rate to the United Kingdom from this coast was 100 shillings or more. But this summer the rates have sunk to 50 or 55 shillings.

Public Utility Earnings

Brazilian Traction

May—	1938	1937	Incr.
	$	$	$
Gross earns.	3,180,940	3,292,019	*111,079
Oper. exps.	1,500,592	1,446,438	54,154
Net earns.	1,680,348	1,845,581	*165,233
Gross earn.	15,245,637	15,055,029	190,608
Net earn.	8,029,003	8,170,662	*141,659

*Decrease.

Canada-America Trust Pays 8.6 Cents Dividend

Distribution of 8.6 cents per share will be made on the stock of Canada-American Trust Shares (Second Trust) on June 30, 1938, against coupon No. 16. The amount is made up as follows: Regular cash dividends, 8.31 cents; extra cash dividend, 1.015 cents; U. S. non-resident tax refund for 1937, 0.496 cents; invisible accumulation carried forward from last distribution 0.034; a total of 9.855 cents a share. From this is deducted trustee fees, 0.75 cents; discount on dividends received in U. S. funds, 0.008 cents; U. S. non-resident tax, 0.338 cents; indivisible accumulation carried forward to coupon No. 17, 0.159 cents; leaving the distributed balance of 8.6 cents a share.

Electric Power Output Declined 9.5% in May

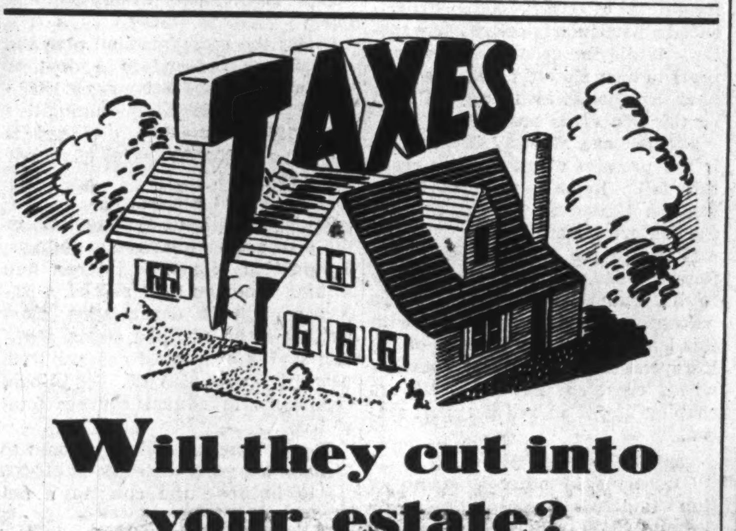
From Our Own Correspondent

MONTREAL.—The output of central electric stations in Canada in the month of May was 2,081,935,000 kw.h., a decline of 9.5% as compared with May, 1937, when output totalled 2,301,161,000 kw.h. Output in April was 2,063,801,000 kw.h.

The main factor in the decline in output was the smaller requirement of the pulp and paper mills, deliveries of secondary power to electric boilers, the majority of which are pulp and paper mills, declined from 620,589,000 kw.h. in May, 1937, to 423,902,000 kw.h. This item accounted for 90% of the decrease from last year.

Total output of central electric stations in the five months ended May 31, was 10,026,419,000 kw.h. as compared with 10,729,845,000 kw.h. in the same period of 1937.

Consumption of firm power at 1,502,741,000 kw.h. was only 1.1% below May, 1937. Exports to the United States amounted to 155,292,000 kw.h., as against 161,033,000 kw.h. in May last year.



Will they cut into your estate?

TAXES involved in the settlement of an estate must be paid promptly, in cash. If the money is not available, assets must be sold to raise the necessary funds. Such forced sales often result in serious losses.

It may be advisable for you to review your estate plans *now*, to make sure that taxes are adequately provided for. If changes are contemplated, it is advisable to consult your lawyer. We will gladly assist you with any business, financial or investment problems that may be involved, and explain how our trust services can aid in the economical settlement of your affairs.

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Investment Trends

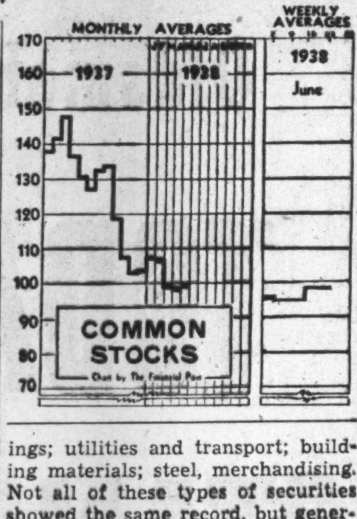
Strong Recovery Move Brings More Optimism

Reaction After Rapid Upswing Is Feared — May be Only Temporary — How to Hedge Against Inflation Losses

The upsurge of stock prices of the past ten days has brought with it a remarkable change in sentiment among both brokers and investors. From the technical point of view, the way in which the market activity increased as the rise started is encouraging.

Apparently all that was needed was a change in confidence and stocks could break through the narrow range of up and down movements prevailing since the first recovery from the March 31 lows. On June 27 both Toronto and Montreal industrial averages reached levels higher than on April 23 when the first recovery movement expired. In other words the former levels where volume of selling sent prices downward have been passed.

At the same time investors would be well advised to watch for some reaction after such a rapid rise that brought gains of over 9% in 6½ trading days for Toronto industrials and 12.28% in Montreal.



Some significance should be attached to the comparison that can be made between level of stocks and business in this country. At present Canadian stocks are well below the business index level. That this is encouraging for the longer term view cannot be disputed. But it supports what has been said in this column before that there was little in Canadian business to justify the pessimistic attitude being taken toward investments. It was largely a contagion from the United States that swept Canadian stocks to low levels and kept them there. And so long as business and confidence in other countries is so subject to swift and unpredictable changes, the basis for sustained stock market recovery is made less certain.

* * *

New Highs in London

Comparatively speaking, the stock market in London, Eng., has given a better account of itself than have those in America. For in London new highs for 1938 have been reached by the industrial stock average. This achievement is something that has yet to appear in this country or the United States.

It was only on June 18, just before the latest rally, that The Economist published a study of the reasons for the prolonged slump in share values. This study attributes the slump to both trade and political factors, working separately at first but together in later stages. The conclusion is that:

> "Post-war analogies based on the trade cycle, in short, hold out little prospect of a speedy recovery in share prices, though they may suggest that in a few years time prices may be much higher than they are now. For holders to whom immediate fluctuations are of secondary concern, there may be comfort in this generalization; but to other investors it will hardly make pleasant reading. There are, however, other factors in the present situation which are non-cyclical, but which may affect both the short- and long-term prospect."

* * *

Inflation Hedges

More than one considered opinion holds that the United States is on its way toward a long-drawn and perhaps disastrous cycle of inflation. This is based most frequently on studies of inflationary periods in other countries such as France, Germany, Austria and Japan. In none of the cases recorded in recent history has inflation been halted without going through a series of steep gyrations that brought ruin to many unsuspecting investors and enriched only a few.

One well-known consulting economist to hold this view is Dr. Ivan Wright, whose experience has included a period of 1930 as special adviser to the Ontario Government on financial institutions. Dr. Wright has made extensive studies of the actual experience of investors during inflationary periods in other countries, with particular reference to France. His object has been to determine what hind sight will show what could have been done to protect both income and capital.

* * *

What to Avoid

Dr. Wright's studies have exploded many widely held theories as to the best methods of hedging against inflation dangers, but they have also shown that protection is quite possible. The chief symptom of periods of inflation that distinguish them from ordinary business cycle movements is the violence and frequency of the up and down swings, according to Dr. Wright. In France there were 10 major moves in a five-year period.

Specific recommendations from his studies supplemented by some made by the Bank of France show that investments to avoid include: government bonds, particularly if bought when yields are low as at present; city real estate—country real estate is better, but under today's circumstances has special drawbacks—insurance companies; any company that is heavily in debt; marginal mines; foundries and forgings; utilities and transport; building materials; steel, merchandising. Not all of these types of securities showed the same record, but generally they should be avoided.

This is illustrated by indices prepared for the Bank of France. Taking 1913 as 100, classifying all major French industries and carrying the study through the periods of inflation and devaluation in France from 1913 to 1938, the following figures illustrate what happens to different groups.

Security Indexes
(1913 = 100)

	1919	1929	1938 (March)
Banks	93	365	121
Insurance	93	995	302
Miscellaneous mines	134	499	235
Foundries & forgings	128	298	71
Steels	159	456	147
Construct. materials	194	668	118
Chemicals	144	523	252
Textiles	119	986	202
Colonial enterprises	182	680	264
20 industries	123	507	191

* * *

Special Circumstances

A few things stand out in this table. For example, the index shows that insurance companies did very well but it was not the life companies. Fire insurance companies in France are not restricted to French investments and when warned of what was coming, took as much of their investment funds out of the country as possible. This the life companies were unable to do and losses of the investors in these companies were heavy. Banks were in somewhat the position of the fire insurance companies and invested heavily in England until devaluation took place.

In the case of the French electrical utilities, there were special circumstances. The government had a substantial stake in these enterprises and passed laws allowing the regulation of rates according to the cost of living and price levels. Thus these companies came through quite well, but such was not the case for the railroads.

One thing that history of inflation has proved is that a recurring series of sharp booms can be expected every time more inflation is forced out and an equally sharp depression each time control is attempted. The result is that political pressure on an elected government forces constantly larger doses of inflation. The investor has to move at the end of the booms if he is to preserve his capital, and risks are accordingly increased.

Dr. Wright stresses the importance of first-class management as being of even more importance in periods of inflation. Inventories, for example, should be kept at a minimum because of the rapid ups and downs which are hard to guess.

More Seagram Stock Will be Boarded Shortly

From Our Own Correspondent

MONTREAL.—Montreal Stock Exchange will call for trading upon notice of issuance 5,000 shares of 5% preferred stock and 5,000 common shares of Distillers Corp.-Seagrams. The common stock is issuable upon exercise of rights attached to the preferred shares recently sold to the Bronfman interests.

Fanny Farmer Directors

An official list of new directors of Fanny Farmer includes: John D. Hayes, president, Rochester, N.Y.; H. Rupert Bain, vice-president, Toronto; Joseph P. Hogan, secretary; E. E. Fairchild, Jr., M. T. Hayes, assistant secretary, Rochester, N.Y. M. I. Farrell is first vice-president of the company and W. E. McFadden, treasurer.

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Montreal Power Next "On Carpet"

From Our Own Correspondent

MONTREAL — Montreal Light, Heat & Power Consolidated is the next public utility in Montreal whose property is due to be revalued, according to a statement released by the Board of Revision.

This firm's underground and overhead equipment will be valued by the city assessors, assisted by Prof. V. Christie, of McGill University, and Prof. J. A. Villeneuve, of L'Ecole Polytechnique. The latter two have been engaged by the Board of Revision as experts.

Brown Plan Reported Near

Bondholders and Other Interests Said to be in Agreement

From Our Own Correspondent

MONTREAL.—Reorganization plans for the Brown Co. are reported to have made progress and expectations are that details of the scheme will be made public shortly. Further, it is said the expected plan will have the endorsement of both the committees representing the company's bondholders.

During the fall of 1937 the company brought out a scheme for the rehabilitation of the company. It provided, in the first instance, for the raising of $12.5 millions of new capital through the sale of bonds and convertible serial notes. Existing bonds were to be exchanged at par for new bonds under the old indenture, carrying the same interest, same maturity date and secured by the same property, but with suspension of sinking fund provisions for two years. All past interest and interest on interest will be paid in cash.

Junior Interests Agreed

General claims were to be settled by payment of 50% in cash and 50% in interest bearing notes maturing in two to four years.

The preferred stock was to be exchanged for one and one-fifth share of new 5% cumulative preferred stock, plus one share of new common for each share of old preferred.

Further the plan provided that each share of old common stock would receive five shares of no common stock, except certain holders of old common stock who voluntarily agreed to accept 100,000 fewer shares of new common stock than they were entitled to under the plan, such amount to be distributed to the preferred stockholders.

Bondholders Kick

The bondholders' committee, headed by Charles Francis Adams, of Boston, objected to the plan on the ground "that debt and fixed interest charges of the reorganized company are being materially increased and a substantial part of the new debt bears early maturity."

Other security holders and creditors favored the plan of reorganization, but the inability to secure the necessary approval from the bondholders prevented the completion of the plan.

Following this, the various interests got together and formed a subcommittee with a view to ironing out differences. Current reports would indicate that such difficulties have been overcome.

Investment Analysis

Prospect for "Steamers"

Good Outlook for 1938 Earnings Increases Interest in Securities

From Our Own Correspondent

MONTREAL.—Canada Steamship Lines securities have come in for marked attention in the past few weeks and are selling at a new high level for 1938. From a low of just over 70, the bonds have advanced in value to nearly 87. The preferred has risen from around 8 to over 16; and the common from 3 to better than 4.

Improvement in the value of these securities reflects the considerably brighter prospects of the company. At the turn of the year conditions were only average. The small wheat carryover from last year indicated a small movement from the head of the lakes to the seaboard with the opening of navigation. The passenger season was indeterminate. The slowing up of business in the iron and coal industries envisaged a smaller volume of traffic in those commodities.

Better Prospects Now

Since the opening of navigation the volume of business handled by the company and the prospects for the balance of the year have undergone a marked change. Lack of wheat traffic has been offset by an unexpected and very heavy flow of corn from the middle-western United States. For example, during May 601,646 tons of corn passed through the Welland canal, compared with 125,502 tons in May, 1937. Naturally all this traffic did not accrue to C.S.L., but it indicates the extent of the increased movement. Barley, corn, coke and other products are also heavier in volume.

The net result is that the bulk freighters of C.S.L. have experienced a particularly active early season. While the corn movement appears to have slowed down, the company has got away to a good start on this end of its business.

Further, and of equal importance, is the promise of good grain crops this fall. Reports from both the western United States and western Canada are hopeful.

It is still too early to make any forecast as to what the crop is likely to be, but present conditions are better than a year ago. Coupled with this is the fact that a number of the European countries expect a smaller wheat crop, so that prospects are shaping up for an active export season.

Other Divisions Active

Conditions in other branches of the company's business are fairly promising. Enquiries and actual bookings on the passenger traffic end are ahead of last year. The National Eucharistic Congress at Quebec City has brought considerable traffic to the company's boats. Conventions and tours also promise well. The packet freight business is shaping up nicely. The hotels promise to have a good season. All in all, C.S.L. faces a good year and what may turn out to be a very good year.

There is every assurance, even at this time, that the company will cover its fixed charges and depreciation for 1938. What it will earn on the preferred and common stocks is still anyone's guess. Various reports have been circulated to the effect that the company will earn anywhere from $2.50 to $4 a share on preferred. Such forecasts cannot be more than estimates as it will not be possible to make an accurate forecast until the wheat movement is under way in the fall.

Foresee Better Earnings

When it is considered that last fall the wheat traffic was very much subnormal, it is reasonable to say that with any luck C.S.L. ought to earn more in 1938 than in 1937. In the latter year the company had a gross income of $10.5 millions and net profit available for dividends of $235,495 after providing $1 million for depreciation. This was equivalent to $1.03 a share on the preferred.

When considering the position of C.S.L. securities, either from an investment or speculative point of view, it is necessary to survey the changes brought about by the reorganization.

Lower Debt Charges

The past history of the enterprise has not been a particularly inspiring one for the investor. The trouble, basically, was that the company had too great a debt burden to carry. This debt proved too much during the depression years and in the early part of 1937 a thorough reorganization was carried out. Under the old set-up the company had outstanding over $3 millions of debentures; nearly $18 millions of 6% general mortgage bonds; $15 millions of 6% cumulative preferred stock and 120,000 shares of no par value common stock.

Under the reorganization plan the capital was reduced to a debt of $10.5 millions of 5% bonds; $11,462,500 of 5% preferred, non-cumulative until 1942 unless the dividend is earned; and 300,000 shares of no par value common.

Effect Big Savings

Savings realized by adoption of the plan are summarized as follows: Elimination of annual interest and sinking funds on debt retired, $462,000; savings in depreciation from writing down of fixed assets, $507,000; saving in interest charges from new 5% bonds, $525,000. Additional reductions in annual charges total $275,000.

Total estimated savings amount to $1,769,000 a year, of which $1,419,000 go to improve the company's net income.

On the present basis the company needs only $1 million for depreciation and $525,000 to cover interest charges. The latter is the lowest in its history.

Judged by past records the company should have no difficulty in covering interest charges. As far as the preferred and common stocks are concerned, the leverage behind them has been greatly increased as a result of the reorganization. Consequently, given a good year, or even a normal year, of operations, substantial profits would be available on the preferred and common.

Investment Notes

Corporate Investors—An analysis of the portfolio changes of Corporate Investors shows few changes in the three months ended April 30, 1938. So far as can be determined only one stock was purchased but several were eliminated or reduced from the list of holdings.

Holdings of General Steel Wares common were increased.

Holdings of Canadian Oil Companies 8% preferred were reduced as were Canada Wire & Cable 6½% preferred. Fanny Farmer Candy Shops and Riverside Silk Mills preferred were entirely eliminated.

* * *

Montreal Tramways—Reports that a possible increase of $210,000 in civic taxation would cause the directors to defer the dividend on the ordinary shares were without foundation. The board declared a regular dividend and the company is appealing the increased assessment.

* * *

B. A. Oil—Maturity of $500,000 of the 2½% serial debentures on June 1 and operation of the sinking fund on the 10-year 4% debentures this month have reduced the company's outstanding funded debt by about $722,000. This will leave $3 millions of the serial debentures and about $3.3 millions of 4% debentures out of the original amount of $4 millions of each issue. Following approval by Calgary city council, ratepayers of that city will vote on July 26 to approve the company's plans for erection of a new refinery.

* * *

Canada Cement — faith in the future of this company is evidenced by the fact that the common stock is selling around 11, even though the preferred is selling at a discount of 5 points from par and is in arrears of dividends.

* * *

Alberta Pacific — preferred stock scored a substantial advance lately, moving up to 23 for a new high this year. The advance was predicated upon the better wheat prospects in the West which, if they materialize, will give the company a good year.

Collingwood Terminals Settlement Postponed

At the adjourned meeting of the shareholders of Collingwood Terminals on June 23, 1938, George Patterson and J. R. Lawrence were elected to the board of directors to represent the County of Simcoe.

Significant Investors' Index Numbers

1926 = 100

No. of Securities	Mach. and equip. 8	Pulp and paper 7	Milling 3	Oils 4	Textiles and clothing 10	Food and allied prod. 12	Beverages 7	Bldg. mater. 15	Power and traction 15	Banks 9	Total utilities 19	Total co's. 96
1929-37:*												
High	432.5	113.4	273.4	423.5	113.5	197.8	205.4	281.1	197.8	131.7	166.0	198.3
Low	39.2	3.0	37.7	87.7	30.8	78.8	33.8	44.3	47.1	63.1	36.9	43.3
1938:												
Jan.	109.6	18.9	87.2	194.9	64.3	158.7	116.1	138.4	64.4	84.3	48.7	107.7
Feb.	109.3	17.5	88.9	195.2	64.8	159.9	115.0	131.4	63.1	81.8	46.8	107.1
Mar.	100.7	14.6	76.5	181.2	60.3	152.0	101.3	116.0	58.2	80.5	43.1	99.2
Apr.	103.2	15.4	75.6	172.0	55.0	151.5	106.0	119.4	59.7	80.4	43.7	97.9
May	107.2	15.7	85.8	177.2	54.5	153.6	107.5	122.5	61.0	80.9	44.5	99.7
Weekly Figures, 1938:												
June 2	104.0	14.2	81.1	173.3	52.4	151.2	106.9	118.1	59.2	80.7	43.4	96.1
June 9	104.6	14.6	82.1	169.5	52.3	152.1	107.4	119.5	59.4	80.2	43.7	95.9
June 16	104.7	14.2	82.5	163.3	53.0	153.4	106.7	119.2	59.4	80.3	43.7	95.1
June 23	106.8	16.7	87.0	170.0	55.5	157.2	107.8	121.8	60.8	80.4	44.8	99.3

*High and low for years from 1929 to 1937 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statisticis.

Toronto Stock Exchange Index

	20 Indus.	20 Golds	10 B.M.	15 W.O.
June 28	116.39	117.99	85.06	34.22
June 27	116.53	116.07	84.87	34.66
June 25	115.04	117.62	84.78	35.02
June 24	114.26	117.66	84.26	35.27
June 23	113.66	118.33	84.50	36.15
June 22	112.23	118.94	84.33	34.82
Month ago	108.10	112.64	73.12	33.52
Year ago	136.36	113.46	97.34	66.78
High, 1938	126.85	128.85	88.46	50.65
Low, 1938	97.66	102.66	64.47	31.40

Montreal Stock Exchange Averages

	10 Util.	20 Indus.	30 Comb'd	15 Golds
June 28	64.8	77.7	73.4	119.42
June 27	64.6	77.7	73.3	119.02
June 25	64.0	77.3	72.9	117.05
June 24	64.2	75.8	71.9	117.68
June 23	63.5	75.4	71.4	119.10
June 22	64.1	74.9	71.3	119.83
Month ago	62.2	67.8	65.9	116.66
Year ago	76.8	102.3	93.8	106.63
High, 1938	67.9	81.0	78.4	130.77
Low, 1938	59.1	61.1	60.5	103.06

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in the July issue
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Fixed and flexible trusts
Oil royalties in Alberta
Accounting for returnable containers
Some observations by a newcomer to the gas industry
Improvement in financial accounts
Court decisions respecting
(a) income tax
(b) realized profits on property

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TORONTO BRANTFORD
BRANCHES FROM COAST TO COAST

Dosco's Pig Iron Output at Record

From Our Own Correspondent

MONTREAL. — Production of pig iron by Dominion Steel & Coal Corp. at the Sydney plant for the first five months of 1938 totalled 138,000 long tons.

This is the largest total for any corresponding period reported in several years and compares with 137,000 long tons in the first five months of 1937.

Edmonton Dairy Profits Higher

Dividends on Preferred Cut from $5.75 to $5

Report of Edmonton City Dairy, of Edmonton, Alta., shows a net profit of $36,340 for the year ended Mar. 31, 1938, as compared with $35,333 in the previous year, equivalent to earnings on the preferred shares of $4.70 and $4.57, respectively. Dividends of $5 were paid on the preferred shares in the 1938 fiscal year, as against $5.75 in 1937.

After adjustments and deduction of dividends surplus carried forward at the end of 1938 was reduced to $21,010, from $49,271 in the previous year.

Total assets decreased during the year to $885,981 from $907,180, but working capital improved, standing at $110,612 at Mar. 31, 1938, as against $93,207 in the previous year. Cash on hand increased to $23,529 from $1,180. Outstanding preferred shares remained at 7,733 and common at 30,000.

One half of the second mortgage of Mount Royal Dairies was written off during 1938 from surplus account and the balance of $23,775 carried forward to be applied against surplus at some future date.

United Dairies, Ltd., 6½% preference shares were exchanged for the bonds of the same company, bearing interest at 5¼%, accruing from Jan. 1, 1938.

Charges for cream top bottle rights and franchise payments, totalling $8,364, were charged against surplus account. There remains to be paid on the franchise the sum of $2,200.

Income and Surplus Account
For Years Ended Mar. 31

	1938 $	1937 $
Net earnings	65,695	64,950
Add: Sundry inc.	4,693	6,761
	70,388	71,711
Less: Deprec.	24,000	28,000
Income tax	10,048	8,378
Net profit	36,340	35,333
Less: Pref. divds.	38,665	44,606
Loss for year	2,325	9,273
Add: Prior inc. tax	......	1,998
Misc. adjust.	23,936	......
Less: Prev. surplus	49,271	60,542
Surplus forward	21,010	49,271
Working Capital		
Current assets	164,240	140,545
Current liabilities	53,628	47,338
Working capital	110,612	93,207

C. P. R. Equipment Trust Certificates

These Equipment Trust Certificates, issued by the Canadian Pacific Railway Company under the "Philadelphia Plan", are secured by new standard equipment costing about 25% in excess of the principal amount of the issue, and, in addition, are unconditionally guaranteed by the Company.

Rate %	Maturity	Price*	Yield %
3	1946	97.72	3.33
3	1947	96.67	3.43

*and accrued interest.

Descriptive circular upon request.

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Montreal Ottawa Vancouver
London, Eng. Hamilton London, Ont.

Favorable Year Reported For Union Gas Co.

S. A. Morse, president and general manager of Union Gas Co. of Canada, told shareholders at the company's annual meeting in Chatham on June 28, that results in the present fiscal year had been favorable, in view of general conditions.

He reminded the meeting, however, that the company's business is in a large part the sale of gas for house-heating purposes and therefore the profitable period of operations occurs in the last half of the year. The weather at that time will have an important bearing on the company's business. Mr. Morse stated that progress in house-heating installations, particularly in the London area was continuing.

A dividend of 20 cents per share was declared, payable Sept. 15, to shareholders of record Aug. 20.

Canadian Westinghouse

Shareholders of Canadian Westinghouse at a special meeting on June 27 approved the increase in number of directors from 10 to 11. No action has yet been taken toward filling the vacancy.

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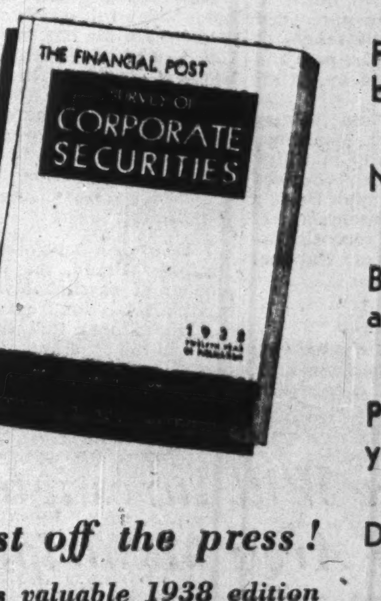

Facts as to 1,500 Canadian companies' businesses and properties
●
Names of officers and directors
●
Balance sheet and income and surplus account for three years
●
Price range of stock for past eight years
●
Dividend rate and previous payments
●
Capital structure and funded debt
●
Funds in which bond interest payable

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Bond Markets

Better Tone Develops For Speculative Bonds

Newsprint Issues Advance Sharply — Foreign Insurance Companies Cannot Deposit Equipment Trust Certificates

The improved tone in the stock market has been reflected in increased interest in speculative bonds, newsprint issues being in the foreground. Trading in the newsprint group recently has been heavier than for some months. As a result gains have been general, Abitibi 5's leading the way with an advance of 10 points to 57½.

One of the reasons for the marked increase in prices of newsprint issues is the lack of any substantial offerings. The floating supply of bonds is small as investors are not inclined to dispose of their holdings at present levels. As a result, any increase in buying is immediately reflected in higher prices.

Bonds of western grain companies are also receiving some attention as a result of the good crop outlook in western Canada.

Equipment Certificates

Someone in Ottawa slipped up in drafting legislation to permit insurance companies to invest in equipment trust certificates of the railways. Canadian insurance companies operating in Canada are still unable to buy equipment trust certificates for deposit against their Canadian policies.

United States insurance companies understood they were to receive such authority and as a result some of them purchased large blocks of the recent C. P. R. equipment trust issue. Now, however, it appears they will not be able to deposit these in their Canadian portfolio until the act governing foreign insurance companies is amended. In view of the pressure of legislation at Ottawa it is doubtful if an amendment can be secured at this session of Parliament.

Unless this situation is cleared up, it is unlikely that foreign insurance companies operating in Canada will buy any of the C. N. R. equipment trust issue which is expected in the near future.

• • •

Cuban Bonds

The Republic of Cuba is adjusting the default on its 5½% public works bonds, due 1945, on which no interest has been paid since June 30, 1933.

Holders of present 5½ bonds are being offered new 4½% bonds due 1977, on the basis of $1,100 principal amount of new bonds for each $1,000 of 5½% bonds held. In other words, bondholders are being asked to accept a lower rate of interest and $100 principal amount of bonds in lieu of interest for the four years ended June 30, 1937. The new bonds are to be dated July 1, 1937.

Acceptance of the offer is recommended by the Foreign Bondholders Protective Council Inc. which has been negotiating with the Cuban Government on this matter for several years past. The Council states the offer is the best now obtainable.

As there are $40 millions of 5½% bonds outstanding, the exchange will necessitate the issuance of $44 millions of new 4½% bonds. The bonds are secured by 90% of the revenue collected from various taxes and economic resources. Provision is made for sinking fund payments sufficient to retire bonds by maturity.

• • •

Provincial Guarantees

During the next year $35 millions of railway debentures carrying provincial guarantees will be converted into Canadian National Railway bonds guaranteed by the Dominion Government. This situation arises as there are six provincial guaranteed issues maturing within the next year.

The first of these is $6,725,485 of 3½% first mortgage debenture stock of Canadian Northern Ontario Railway Co., guaranteed by the Province of Ontario, which mature June 30. The C. N. R. has arranged to meet this maturity in London out of working capital, but refinancing will be undertaken later in the year.

During the first six months of next year $28.9 millions of bonds, issued by the Grand Trunk Pacific and the Canadian Northern against lines in western Canada, mature. Of these, $3 millions carry the guarantee of Manitoba, $17.9 millions the guarantee of Saskatchewan, and $8 millions the guarantee of Alberta.

While these issues have been shown by the respective provinces as contingent liabilities, it has always been recognized the guarantee would not have to be implemented, as the lines against which the bonds are issued are integral parts of the C. N. R. system.

• • •

Bond Index

Average Price and Yield for Seven High-Grade Government Bonds

1938	Price $	Yield %	1937	Price $	Yield %
June 28	116.93	2.804	June 28	113.76	3.276
June 27	117.09	2.793	June 26	113.73	3.282
June 25	117.12	2.787	June 25	113.72	3.282
June 24	117.21	2.780	June 24	113.72	3.282
June 23	117.19	2.783	June 23	113.70	3.283
June 22	117.19	2.783	June 22	113.74	3.277
Year's	117.21	2.806	Year's	116.81	3.026
Range	114.21	3.147	Range	111.60	3.505

Bond Tenders

8 p.m., July 12, Ville La Salle Sch. Corp., P.Q.—$208,200, in three issues as follows: $165,000, for school purposes; $27,300 for partial renewal of previous issue of bonds; $15,900, for the same purpose. Bonds are dated July 1, 1938, redeemable serially from July 1, 1939 to July 1, 1948. Separate bids asked for each issue at 4%, 4½% and 5%. Alcide Ouellette, sec.-treas.

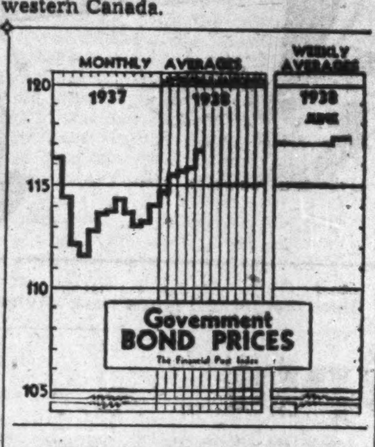
12 noon, June 29, Canada Treasury Bills—$25,000,000, dated June 30, 1938, payable Sept. 30, 1938.

Bond Redemptions

Bond issues:	Rate	Year	Due	Price
Aluminium	*5%	1948	July 1	105
Robt. Simpson ..	Δ5%	1952	July 1	105
Beauharnois Pr.	5½%	1973	July 1	102
Toronto Housing	†5%	1953	July 15	105
Parisian L'ndry	6½%	1947	July 1	103
Credit Foncier .	‡4½%	1956	July 1	100
Para. Pictures ..	•6%	1955	July 1	100
Dom. Tel. Secs.	*5½%	1978	Aug. 2	100
Gatineau Pr.	6%	1941	July 29	101
Do., (B)	6%	1941	July 29	101

‡$901,300. These debentures may also be exchanged for 3½% debentures maturing in 1943 or 1948.

For sinking fund purposes: Δ$7,000. *$3,100. †$16,000. *$478,000. •Tenders called for $1,388,471 [illegible] noon, June 22, 1938.



C.N.R. Income Down in May

Net Revenue $11 Millions Lower in First Five Months of Year

From Our Own Correspondent

MONTREAL.—Present indications are deficit of the Canadian National Railways in the current year will be substantially higher than in 1937 as operating revenues continue to decline.

For the month of May operating revenues were almost $3 millions lower than in the same month of last year. Operating expenses were down by more than $800,000, so that there was a net revenue deficit for the month of $478,614 as compared with a revenue surplus of $1.6 million last year.

For the first five months of the current year net revenue of the C. N. R. dropped by more than $11 millions, there being a net revenue deficit for the period of $4.9 millions as compared with a net revenue surplus of $6.2 millions in the first five months of 1937. A decrease of $9.8 millions in operating revenues and an increase of $1.3 million in operating expenses account for the decrease in net revenue.

Comparative figures follow:

Month of May	1938 $	1937 $
Oper. revenues	13,909,678	16,870,826
Oper. expenses	14,388,292	15,204,576
Net rev. deficit	478,614	*1,666,250
Five Months Ended May 31		
Oper. revenues	69,057,315	78,904,413
Oper. expenses	73,966,715	72,671,652
Net rev. deficit	4,909,400	*6,232,761

*Net revenue surplus.

Wendigo Mines Costs Decline

Mine Conditions Generally Favorable—H. G. Young Elected President

An encouraging picture of conditions at Wendigo Mines Limited was drawn by Horace G. Young, managing director at the annual meeting held in Toronto this week. It will be recalled that the annual report of the company, reviewed in these columns last week, showed that during the last fiscal year a deficit of over $33,000 had been transformed into a profit of practically the same amount.

Since January, Mr. Young stated, the costs had been cut by 50%, while development work had added largely to the tonnage prospects.

The shaft has now reached the 750-ft. level, and a station has been opened up at 650 ft. where drifting to the extent of 160 feet has already been done with about 60 per cent in ore of average width of seven feet, a 50 per cent improvement over conditions on the 500-ft. level. Other levels are to be opened at the 800, 950 and 1,100-ft. levels, as the shaft is carried downward.

During the first two ten-day periods in June, millheads ran .44 ounce or $15.40 per ton, total extraction being 94 per cent. Costs, averaging $11.80 in January, have been reduced to $6.87 per ton in May and have run at about the same level in June. Production in June is estimated at between $32,000 and $33,000 with expenses $18,000 to $19,000.

At a meeting of the directors, Horace G. Young was elected president in succession to Henry D. Tudor, who remains on the board as vice-president.

Canadian Wineries Hopeful of Dividends

Shareholders of Canadian Wineries, Ltd., were told at the annual meeting on June 16 that sales to date for the current year ending April 30, 1939, were running over 50% higher than for the corresponding period of last year. The company is now working on an order from the Quebec Government for 36,000 gallons and has another large order for 15,000 gallons.

F. R. Ramsey, president, stated that the company should experience a fine year and that directors are hopeful that another dividend could be paid before the end of 1938. On June 1, 1938, the company paid a dividend of 15 cents a share on its common stock, first payment to be made in the [illegible]

Alcohol Group Opposes Offer

Think Equity Should Bring More Than Walker's Offer

From Our Own Correspondent

MONTREAL. — Shareholders of Canadian Industrial Alcohol Co. are being circularized by a Protective Committee formed following the adverse vote on the proposed compromise arrangement with Hiram Walker-Gooderham & Worts. The new committee consists of ten members, of whom four have been elected an "executive" group. The latter includes L. Gittleson, J. C. Edwards, H. Dubuc, and Major Ernest Beaupre, C.A., who acts as secretary to the group.

The committee seeks to secure "more equitable terms because we feel that the assets and present financial condition justifies this contention."

Sees More Equity

In discussing the balance sheet of the company and the indicated equity of the shareholders, the letter states in part:

"As per the consolidated balance sheet as at Feb. 28, 1938, our current assets together with accounts and bills receivable total approximately $3,468,000, whereas our current liabilities together with the debentures outstanding total $3,340,000, leaving $128,000 over and above all our liabilities, including our debenture debt, which is actually only payable over a period of nine years.

"On this account shareholders' equity consists of stock in trade, buildings and equipment of our various plants, goodwill, trademarks, and all other assets."

Using the book value shown on the consolidated balance sheet as at the end of last February, the committee estimate the shareholders' equity at $5,380,000.

"In addition to the above, our company has a considerable asset in the goodwill item, as we are earning approximately at the rate of $300,000 a year at the present time."

Plenty of Cash

The letter also states that Canadian Industrial Alcohol as of Feb. 28 last had an amount of over $1.8 million in cash assets on hand, with no bank loans.

It concludes with the statement the protective committee feels that minority shareholders should be offered a much better settlement, and asked for support of the company's efforts in that direction.

Metro. Stores Sales Advance

Both Sales and Net Profit Record Increase for Past Year

From Our Own Correspondent

MONTREAL.—Metropolitan Stores Ltd. report net sales in the year ended Jan. 31, 1938, of $8.5 millions. This compares with $7.6 millions in the preceding 12 months. Net income available for depreciation and interest was $1,139,524, as against $964,384 in the 1937 fiscal year.

The balance sheet as at Jan. 31 shows current assets of $2,204,845 and current liabilities of $619,586, indicating a working capital of $1,585,259. Cash at $889,880 alone exceeded current liabilities.

Net assets after the deduction of sundry mortgages payable of $86,813, amounted to $7,415,607 as against $3,974,000 of outstanding first mortgage bonds of Metropolitan Stores of Canada and Metropolitan Chain Properties (both subsidiaries).

Comparative figures on the condensed profit and loss account follow:

Years Ended Jan. 31	1938 $	1937 $
Net sales	8,522,818	7,631,281
Trading income	972,405	819,140
Other income	167,119	145,244
Gross income	1,139,524	964,384
Less: Depreciation ...	237,993	231,887
Bond interest	238,440	238,440
Balance	663,091	494,057

Canada Bud Reduces Dividend to 20 Cents

Canada Bud Breweries has declared a dividend of 20 cents a share, payable July 26, 1938, to shareholders of record July 15. This payment is for one half of the last previous payment of 40 cents a share made on Dec. 15 of last year.

At the annual meeting on March 30, shareholders were told that the company's sales had been slightly below those of the corresponding period of last year. It is understood that this condition has continued although with the advent of warmer weather in June sales have risen substantially.

In 1937, Canada Bud earned $1.08 a share on its 150,000 shares of common stock, down slightly from $1.12 reported for 1936.

C. P. Moher General Mgr. of Laura Secord Shops

C. P. Moher, former assistant general manager of Laura Secord Candy Shops, has been appointed vice-president and general manager of the company.

Mr. Moher has been associated with the company for over 20 years. His appointment follows the resignation of John D. Hayes, who left the company to become president and general manager of Fanny Farmer Candy Shops.

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C. P. R. Shareholders Equity Hits Low Market Value

From Our Own Correspondent

MONTREAL. — Market value of the ordinary shareholders' equity in the Canadian Pacific Railway is still near its all time low and nearly $525 millions less than it was 10 years ago. Currently the ordinary shares of the Canadian Pacific have a value of $87,100,000, which represents 6½ a share on the 13,400,000 shares outstanding.

At this time 10 years ago—June, 1928—the old shares were selling in the neighborhood of $204 a share, which gave the stock then issued a market value of $599,765,100. The drop in earnings and the changed picture as regards the whole Canadian railway situation has resulted in a steady decline in the market value of the stock.

Value Drops Sharply

The trend over the last 10 years follows:

(As at June 15)

	Par Value*	Mkt. Value
1928	$294,002,549	$599,765,100
1933	335,000,000	227,800,000
1938	335,000,000	73,700,000

*Issued at beginning of year.

Debt Much Larger

The decline in earning power has been the principal reason for the falling off in the value of the ordinary shares. At the same time it is interesting to note during this same ten-year period there was a very sharp increase in the par value of the issued debt and preference shares. At the beginning of 1928 the Canadian Pacific had outstanding $441,848,548 of bonded debt, equipment securities and preference stock. Five years later the total had increased to $625,465,728 and 10 years later to $657,158,549. The mounting fixed charges as opposed to a decline in earnings worked against the ordinary shareholders' interest and brought down the value of the ordinary stock.

Overall "Value" Declines

By taking the par value of the senior securities and the market value of the ordinary shares, an interesting picture is secured of the drop in the "value" of the Canadian Pacific over the last decade:

	Bonds and Preferred at Par*	Ordinary Shares at Market	Total Value
1928	$441,848,548	$599,765,100	$1,041,613,648
1933	625,465,726	227,800,000	853,265,726
1938	657,158,549	73,700,000	730,858,549

*Based on amount outstanding at end of previous year.

Paramount Pictures Looks For Profit in First Half

Paramount Pictures has improved its cash position by about $1.5 million since the end of 1937, according to information given shareholders by Barney Balaban, president, at the annual meeting recently. Mr. Balaban expects the company to show some earnings available for its common stock in the first half of the year although final figures are not yet completed.

The company is unable to reduce its costs as fast as business has declined because of the lag of from six months to a year between the planning and income which exists in the manufacture of motion pictures. Box office income has continued to drop in the second quarter of this year in line with general business. Part of this is due to a seasonal trend.

All directors of the company were re-elected and two new members, John W. Hicks, Jr., vice-president in charge of foreign affairs, and Edwin L. Weisl, added to the board.

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Victoria Appeal May Upset Plan

Committee Advises Debenture Holders of Further Delay

The Victoria, B.C. Debenture Holders Committee in a circular letter advises that as long as any possibility of an appeal exists it is unable to recommend exchange of debentures.

Plaintiff of the original action to have the refunding plan declared invalid is contemplating taking the case to the Supreme Court of Canada. Under Dominion statutes the appeal must be brought within 60 days from the pronouncing of the judgment appeal, but in this case allowance must be made for the summer recess during the months of July and August. The plaintiff therefore has until Oct. 7, 1938.

The Victoria City Debt Refunding Act was passed Dec. 10, 1937, by the British Columbia Legislature and Victoria passed its by-law No. 2802 providing for the refunding of the city's debentures on Jan. 17, 1938.

The Act was declared ultra vires of the province by the Supreme Court of British Columbia on May 6, 1938. The decision was reversed by the Court of Appeal on June 7, and the Act declared valid and within the jurisdiction of the province.

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TORONTO, JULY 2, 1938

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Probing Railway Figures

IN HIS final submission to the Senate railway committee last week, Sir Edward Beatty recommended that the Senate obtain independent, expert advice to check the various estimates and conclusions submitted.

There is no doubt as to the need for some railway figures that can be believed. But may it not be a waste of time and money for the Senate to tackle the job?

Sir Edward has been criticized for clinging tenaciously to his estimate of a $75 millions saving through unification. But he is to be commended for his willingness to submit his estimates to the test of independent experts. Most of the "expert" opinion heard before the committee, especially the factual testimony of certain C.N.R. officials, was vague and inconclusive.

Nor has anyone been found to interpret any of these estimates in light of the known fact that much of the equipment and rolling stock of both systems is obsolete in terms of 1939 transportation standards.

To find an adequate answer to such questions as these—and an adequate answer must be found—may well be beyond the scope of the present Senate probe. The committee has done a very real service in bringing the railway problem into focus. It has indicated clearly the responsibility that rests on parliament to take some remedial action.

The long, expensive job of a technical, factual enquiry into the dollars and cents side of the railway problem, might better be left to a properly constituted Royal Commission, clothed with full and adequate powers from the Government of Canada.

Self-Liquidating Loan Plan

HON. CHARLES DUNNING'S plan to loan $30 millions to municipalities for self-liquidating projects rests on a constitutional and administrative foundation of doubtful soundness.

Can the government enter into direct contractual and financial relations with municipal administrations?

Should it directly subsidize civic works even though necessary and self-liquidating? (Mr. Dunning anticipates that to make these cut-rate loans will cost the Dominion from $4 millions to $7 millions if the whole authorized amount of $30 millions is loaned out, depending on whether the average lifetime of works and periods of amortization runs to 20 years or 30 years.)

Municipal bodies are, of course, creations of provincial government. They are under provincial control. If a provincial cabinet or legislature can give municipalities power to increase their borrowing margin and to enter into contracts with Ottawa, it can as easily abrogate such power or relieve local bodies of their obligations. A provincial government might default on guarantees of loans to municipalities.

Objectionable also is the principle of funds for public projects being provided by one authority, guaranteed for repayment by another, and spent by a third. The Ottawa plan provides various checks and safeguards before the loans are to be made, but no control afterward as long as annual financing charges are met. Even though provincial governments must sanction projects and assure repayment of loans, it is questionable whether this will give them any effective control of the manner in which the money is to be spent. Some measure of supervision should be provided during course of projects.

C. N. R. Exceeds Its Rights

CANADIAN NATIONAL RAILWAYS is extensively circularizing the country with copies of the evidence of President Hungerford before the special Senate railway committee. The argument against "unification" is set forth at length.

Since the C.N.R. is not making expenses, every dollar it adds to its costs comes out of taxation. Thus the largest single contributor to the bill for this C.N.R. propaganda is the Canadian Pacific Railway, which is the largest taxpayer in Canada, and which is under fire in the statement. Every other taxpayer also contributes his mite toward the cost of circularizing Mr. Hungerford's statement.

Has the Canadian National Railways any more right to spend public money on propaganda concerning a problem now before the Parliament of Canada than say, one of the departments at Ottawa would have?

What would happen, for instance, if Parliament were studying the future of the Department of Agriculture and the Deputy Minister of Agriculture were to take a definite point of view on one side or the other of the question and to publish those views all over the country? He would soon be rapped over the knuckles.

Since the Canadian National Railways is operating on the money appropriated by Parliament and derived from the taxpayers it has little right to be discussing political issues.

Senate to express an opinion, he was within his privileges in saying what he thought.

But he exceeds the bounds of propriety when he uses public money to circularize the country on his views.

Encouraging Pension Plans

IN ITS revision of the income tax law, Ottawa has offered employers who establish pension plans for their employees a credit on their income tax for the lump sum payment that is usually necessary to provide for older employees.

This is all to the good, but Ottawa might well have gone a great deal farther.

It should lighten the tax burden on industry generally and thus pave the way for a profitable prosperity that would be a basic incentive to establishment of such plans.

There are few better ways of helping people to help themselves than to encourage group insurance and pension plans. Such plans make employer and employee partners. They give security, a stake in the community, and, above all, a sense of standing on one's own feet.

That is a great deal better than relief, old age pensions and the rest of it.

A Plague on Both

MASSEY HALL, operated by a public trust in Toronto, is under fire because a Fascist meeting is scheduled to be held there. But 10 or a dozen Communist and other Left Wing meetings have already been held there in recent months. It is the people who held these meetings who are chiefly opposed to the holding of a meeting by the opposite side.

Any hall operated as a public trust has to regard itself as a common carrier and grant its facilities to all legally constituted groups on a basis of "free speech for all." It can hardly assume a responsibility of censorship which rests elsewhere.

The responsibility for preventing the foreign-financed penetration of Canada by Fascist and Communist propagandists rests with the Dominion Government. Ottawa's first move should be appointment of a Parliamentary committee or Royal Commission to examine the sources of the funds that pay for the anti-Democracy agitation that is carried on by both Fascist and Communist organizations in Canada.

Its next step should be to deport foreign-born propagandists of anti-Democratic "isms."

Business Administration

TORONTO University is about to introduce a graduate course in Business Administration. This will be the only one of its kind in Canada. It will lead to the granting of a Master of Commerce degree.

In addition to certain compulsory courses students will be required to choose a field for special work such as public utilities, transportation, marketing, manufacturing or business history. The student will be expected to deal with any special accounting and statistical problems involved and to obtain as much insight as possible into the practical end of the subject by direct contact with business organizations.

It is continuous contact with business problems and business personnel that will determine whether or not this course will make a worth-while contribution in training young men along practical lines.

Similar courses in British and U.S. universities where such contacts have been maintained have done useful and important work. Without such contacts the course may produce more egotistical theorists than useful business leaders.

Canada's Finance Minister

IS PUBLIC business more tiring, more nerve-breaking than private business? People speak grimly of the cruel strain of a cabinet minister's life. More than one man has come out of public life physically broken.

The same thing happens often to men in business; but not to all men, either in Government or business. There are many men who carry the loads of a dozen normal men and thrive on it.

When an individual cabinet minister carries too heavy a load it is often because his conscience plays him false and leads him to do many jobs that he should delegate to others. This was true of Prime Minister Bennett, who chose to carry Canada single-handed through the greatest economic crisis in modern times.

One cabinet portfolio carries a load no one will question. It is the portfolio of finance. Canada's ministry of finance has gradually been buttressed by a wide variety of specialized bodies sharing responsibilities that once fell upon the minister himself. There is the Bank of Canada. There is the Tariff Board. There is the Comptroller's office. There is the Treasury Board.

Today the Minister of Finance can be, as never before, an executive. But he cannot be entirely that. He has to be a politician and a parliamentarian. Our antiquated habit of demanding that every minister run in every election and appear every day in Parliament, reduces his effective hours to a fraction of the time he needs to do his work.

men if they did not from time to time show the strain.

A wave of sympathy and good wishes swept over Canada when Hon. Charles A. Dunning had to leave the House of Commons the other day in the middle of the budget debate. The hope was universal that he would soon be back on the job. For Mr. Dunning still has his major work to do. When he came into office, businessmen counted on sound monetary policies, a balanced budget, reduced expenses and lower taxation. The country is still a long way from attainment of this programme.

Sauce for the Goose

COLUMNIST Boake Carter tells an interesting story of the strange manifestations of democratic government as practised by the bland Mr. Roosevelt.

It has to do with the mysterious piece of financial legerdemain by which the U.S. President has produced by a wave of the hand the sum of $100 millions for W.P.A. Apparently the money came from a portion of last spring's relief appropriation which had been ticketed "not to be touched." Since it was so labelled, it did not appear in the federal balance sheet and was not included in the deficit estimates. The President was therefore able to pass it to W.P.A. unnoticed.

The moral of the tale as Mr. Carter sees it is this: On the one hand, the administration does not hesitate to "juggle finances and resort to slick and fancy bookkeeping." On the other, it reads the riot act to business and shouts to high heaven about the "crookedness of the aristocratic Bourbons" of big business.

Government funds, he points out, constitute money collected from the people in taxes. Yet Mr. Roosevelt reserves the right to lay aside secret nest eggs for special little jobs to be done later. But honest business must not set aside reserves to guard employees and shareholders against economic recession.

Mr. Carter not unfairly concludes that if any businessman dared to adopt the "deceptive financial bookkeeping of Treasury Director Roosevelt he would be arrested as a financial trickster."

Editorials in Brief

The town of Simcoe, down in fruitful southwestern Ontario, is boasting about its tax rate once more. Last year it cut the rate four mills. This year it lopped another three mills off the total. The figure is now 36 mills and with one very slight exception the rate has either been reduced or held constant through the depression from the high point of 50 in 1928.

We suspect good administration, plus rising income from rich, early fruit, vegetable and tobacco crops, accounts for this creditable performance.

* * *

Senator Meighen minced no words in his criticism of the Government for delay in the disallowance of certain Alberta measures:

"With reference to the legislation not yet dealt with, I express my surprise that no action has been taken. I can think of no reason for further postponement for the Saskatchewan election is all over. The only reason that was on the horizon, very obvious though very futile, was long ago removed."

Sayings of the Week

"The only hope of democracy is that you can extend the scientific approach." — *Robert A. Millikan.*

* * *

"Atheistic communism and modern paganism are influencing great numbers of people to look upon marriage as only a temporary relation terminable at the will, or the whim, of either party."—*Bishop William T. Manning.*

* * *

"Basically and essentially human nature does not change the way fashions do."—*Charles Dana Gibson.*

* * *

"We want to train people not for sunshine alone but for stormy days."—*Adolf Hitler.*

* * *

"It is better to go without security than sacrifice our intelligence and liberty." — *Rev. Dr. Harry Emerson Fosdick.*

* * *

"This Dominion is essentially an export country and must remain such for many years to come—therefore, to maintain a satisfactory position which must be competitive in quality of products in price and in service."—*C. H. Carlisle, president, Dominion Bank.*

* * *

"The task of providing jobs to the existing labor surplus preimposes an investment by private industry that would be no less than twenty-five billions of dollars."—*Lammot du Pont.*

* * *

"In the matter of building Japan has one great advantage over other countries—earthquakes." *Sir Charles Bressey.*

* * *

"The vast majority of criminals are so because they have not the brains or the industry to do anything else."—*Sir Gervais Rentoul.*

* * *

"The Englishman's home is still his castle, but for the Englishwoman too often it is her jail."—*Dr. Stephen Taylor.*

* * *

"In the same way as I have learned to love my violin, I want a woman to learn to love me." —*Albert Sandler.*

* * *

"The one place to learn to act is on the stage in front of an audience."—*Katharine Cornell.*

* * *

"The total number of stars in the universe is probably something like the total number of grains of sand on all the seashores of the world."—*Sir James Jeans.*

* * *

"Half of the world's philosophers are pessimists who tell us that progress is impossible and that there is no escape." — *Nicholas Murray Butler.*

* * *

"Public opinion is stronger than law."—*Robert F. Wagner.*

* * *

"Industry tied like Gulliver with thousands of strings will be retarded in growth and development."—*William S. Knudsen.*

* * *

"The essence of industrial and social peace is to get rid of distrust and to foster faith in fair dealings."—*Wickham Steed.*

* * *

"There is more pent-up idle money available for investment in productive enterprise than ever before in our history."—*Hugh S. Johnson.*

* * *

"It is the duty of the Government to tell business what it cannot do rather than to tell it what it must do."—*Alfred M. Landon.*

* * *

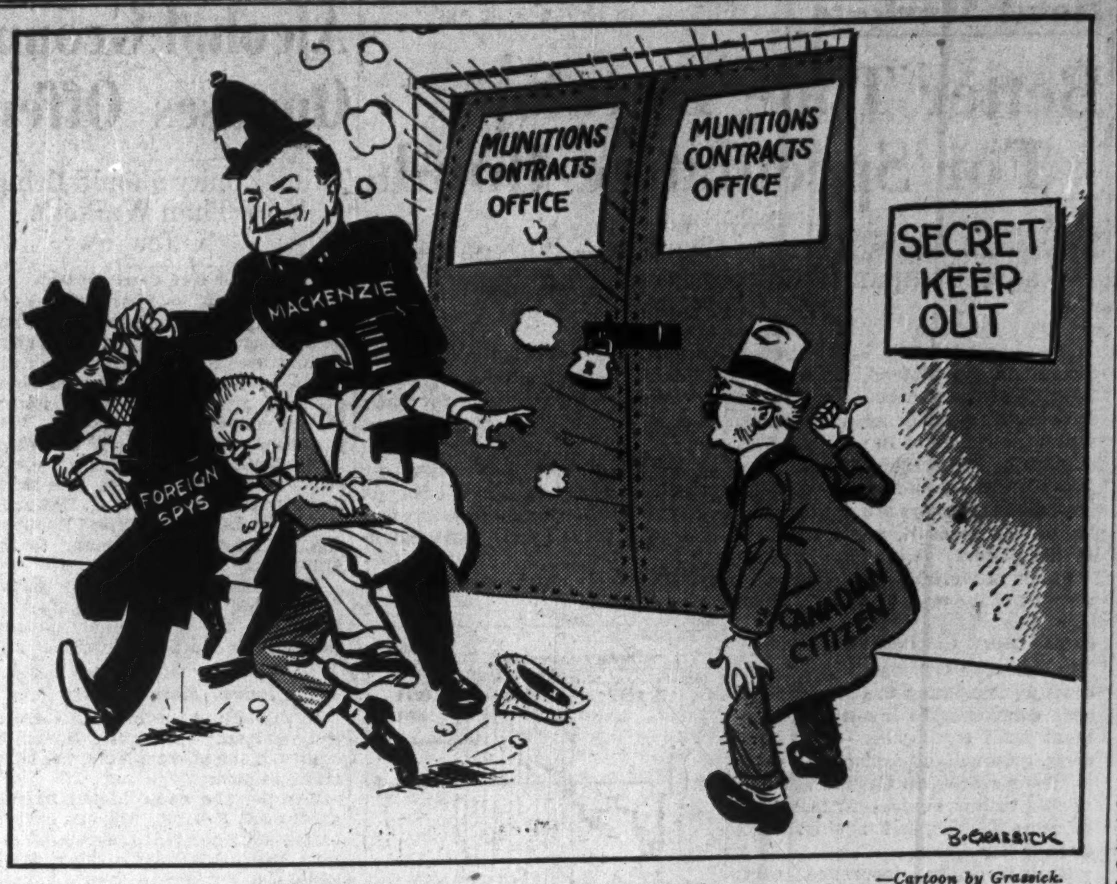
"There is a new technique in the art of campaigning for public office. The new technique is telling the truth."—*Fiorello H. LaGuardia.*

* * *

"To promote the acceptance by nations of certain fundamental decencies in their relation with each other is the first step on the road to peace." —*Dr. W. E. Rappard, Director, Graduate Institute of International Studies of Geneva.*

* * *

"I suspect any method of getting the best of two worlds at the price of one."—*Sir Josiah*



—Cartoon by Grassick.

MR. CITIZEN: "Does that mean I mustn't ask any questions either?"

Post-Scripts . . . .

Limelight Again

A nearly-forgotten man is back in the limelight again.

Whether he will stay there or not depends on the action of a thousand or more Conservatives when they meet at Ottawa next week.

For Hon. R. J. Manion, M.C., M.D., C.M., is leading the field for the succession to the leadership of the Conservative party when Rt. Hon. R. B. Bennett retires in July.

When Mr. Bennett was elected to that leadership in 1927 Dr. Manion was so close behind he could have reached out and grabbed Mr. Bennett's coattails. He followed the new leader into the 1930 election campaign and so into the cabinet. In fact this stormy petrel of the north of Lake Superior was the buckingest broncho in the cabinet.

"Bob" Manion is fighting Irish. His father was Patrick J. Manion and his mother Mary O'Brien. Both Irish-Canadians. He was born in Pembroke, Nov. 18, 1881, and was educated at the Fort William Public and Port Arthur High Schools.

He took up medicine and surgery and might have done brilliantly had not politics and the war intervened. His first public office was alderman at Fort William in 1913-14.

He served with the French army in 1915, then joined the Canadian Army Medical corps. He was a front line M.O. and while medical officer of the 21st Bn. he was in the thick of the Vimy Ridge "show," When the smoke cleared he had gained a Military Cross.

He had been nominated by the Liberals in 1915 as a candidate for the House of Commons, and in 1917 both Liberals and Conservatives united to give him a Unionist nomination. He was elected.

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Bane of Hansard

Of medium height, he has none of the asceticism of Mr. Meighen nor the ponderosity of Mr. Bennett. Yet when he speaks he says two words to their one. A speech by Dr. Manion makes the old soldiers in the Commons instinctively duck for cover. A machine gun drawls by comparison. The late Rt. Hon. W. S. Fielding was long considered the speediest talker in the House. When he passed on Dr. Manion inherited the title. He is the bane of Hansard and the despair of reporters.

In action his mind moves so swiftly that the words pour out in spate. They come so fast at times that they out-speed his mind and he says things he later views with surprise. At times he is bitter of tongue, but is at heart a friendly soul. He has been known to hammer an opponent unmercifully, perhaps unfairly, and then in the lobby afterward to apologize. His opponent usually accepts the apology.

* * *

As a cabinet minister Dr. Manion's experiences have been varied and full. It was his ill-luck to hold portfolios which he had to relinquish before he could get the minister's seat warm.

When Mr. Meighen reorganized his cabinet after union government in 1921, Dr. Manion went in as Minister of Soldiers Civil Re-Establishment. Mr. Meighen, however, had his usual luck with general elections and Dr. Manion lost his portfolio, though he won his seat again.

In 1926 Mr. Meighen formed another cabinet, and Dr. Manion, by this time a recognized Conservative, was included. Hon. Charles Murphy was the Liberal postmaster general and one morning after the 1926 debacle, he arrived at his office to find Dr. Manion busy on the job. Mr. Meighen had appointed him postmaster general and Dr. Manion did not believe in letting the mails wait.

Alas! Mr. Meighen's jinx again sat on Dr. Manion's doorstep. The new government did not survive the 1926 general election and again Dr. Manion went back to the opposition trenches.

Meanwhile he had put down his war impressions, and "A Surgeon in Arms" was published, a readable narrative of the great adventure from a medical officer's viewpoint.

* * *

By 1927 Ontario had decided to do something about the Liquor question and Premier Howard Ferguson asked Dr. Manion to initiate the Liquor Act and its machinery.

After a year he returned to carry on his duties in the House of Commons. Then came the election of 1930. The fighting Fort William veteran was in with a government that intended to stay in. Mr. Bennett made him Minister of Railways and Canals, which department he administered until the change of government in 1935.

During his term with the Bennett government Dr. Manion was sent to Geneva, to head the 1933 Canadian delegation and later he was a delegate to the Disarmament conference.

An Irishman at a disarmament conference is something like a Pacifist at a Nazi rally, but Dr. Manion showed that it took a fighter to talk about stopping fighting.

In the 1935 election, Dr. Manion as a minister had other ridings besides his own to assist. It was hard sledding. The betting, however, was still on Manion to win in Fort William, until Harry Stevens, winging his way west, stopped off at the head of the lakes to toss a couple of Reconstruction party monkey wrenches into the Manion machinery. The Reconstructionists nominated a candidate, the C.C.F. joined in the fracas and an Independent sniped on the edge of things. The net result was that Dr. Manion was beaten by McIvor, Liberal. McIvor had 5,481 votes, Dr. Manion 4,565, but the Reconstructionist had garnered 2,030 votes, the C.C.F. 1,635, and the Independent 78.

* * *

Frank Lawson

Frank G. Lawson, newly-elected president of the Toronto Stock Exchange, has been described as a "Spartan with a New England conscience."

He takes life seriously and has rather rigid views as to the performance of duty by himself and others—a sort of military nature which seems to prefer the direct way of doing things, even though it might be much the more difficult.

If he has a job to do, he does it to the best of his ability, no matter how disagreeable the doing may be to himself or to others. Personal relationships do not stand in the way. He spares neither himself nor anybody else.

When the new Exchange Building was being erected he was chairman of the Building Committee and his close attention to the various details that came under his supervision was proverbial. This characteristic has marked all his work on the various committees on which he has served continuously since 1928. In 1931 he was treasurer of the old Toronto Exchange and in 1932, secretary. Last year he was vice-president. His election to the presidency is a timely recognition of long and faithful service.

* * *

He is a Toronto boy, was educated at the old Technical School on College Street. Later he did sales work with the Curtis Publishing Co. and the Multigraph Sales Co. During the war he served overseas with the 19th Battalion. He was taken prisoner in May, 1917.

After the war he entered the financial business with W. L. McKinnon and Co., later joining Stanley Moss in the formation of Moss, Lawson and Co., which firm became members of the Toronto Stock Exchange in 1925. He has made a special study of the western Canada oil industry and the companies operating there; he is enthusiastic regarding the future of the Alberta oil field.

He participated in the formation of the Exchange's Institute created for the purpose of business instruction for employees of member firms.

* * *

"Tim" Weathebee

All awnings on downtown shops in Montreal will have to be raised about three inches to permit the unbending passage of the new manager of the Canadian Bank of Commerce chief office in that city.

For "Tim" Weatherbee will have at least a head-start in any competition ever held to find the tallest banker in Canada. His exact height is not on the record but one friend of his in Toronto, who is 6 ft. 2 in., admits that he has to throw his head back to look Mr. Weatherbee between the eyes.

"Tim" Weatherbee's frame supports a poundage that is in ratio to his height. But it is all muscle. One can call to witness on that fact anyone who has ever played golf with the new Montreal manager of the Commerce and has observed the remarkable consequences that ensue when he puts his full power behind a drive off the first tee. "Tim" is a mighty golfer. In California where golf is a year-round hobby, "Tim" has added strength to his game and prestige to his record.

* * *

In the Weatherbee name the "T" stands for Thurston, which explains why he is known as "Tim." For Mr. Weatherbee is not the type of person whom anyone would call Thurston. He is too genial, too informal, too happy in his friendships to call for such egregious formality.

The new Montreal manager is returning to a branch that he knows well. He was formerly assistant manager of the bank in Montreal. But he is particularly well known as the former head of the bank's foreign department. He went from that post to California where he opened up the Los Angeles branch of the bank's state-incorporated subsidiary, the Canadian Bank of Commerce (California). Mr. Weatherbee was vice-president of that bank. His new appointment represents a big promotion. This should answer the long standing controversy as to which is the superior post; vice-president of an American bank or manager of a Canadian bank branch.

* * *

"Tim" Baldwin

Speaking of tall "Tim's," David Kilbert Baldwin was elected president of the Investment Dealers' Association at the annual convention held at Murray Bay last week-end. His name came as a surprise to most of the members of the I. D. A. for they have never heard the president being called anything but "Tim."

Nicknames are often misleading and no more so than in the case of D. K. Baldwin. "Tim" stands well over six feet in height and has been known to worry about his weight. The latter has been coming down, but for the coming years, present indications are that the new president of the I. D. A. will be able to put up a good front.

"Tim" Baldwin radiates good nature. But he is the type that takes his duties seriously. He has only one hobby which might interfere with his work—namely, he runs a taxi service for his family.

* * *

"Tim" Baldwin's' connection with the investment business dates back to the post-war depression when he joined the Hamilton office of Nesbitt, Thomson Co. Previously he had been associated with the Canadian Westinghouse and prior to that had spent some time on the other side with the 4th Battalion. His ability as a salesman won him recognition and in 1929 he was moved to the head office of Nesbitt, Thomson and Co. in Montreal. Shortly after, he was elected a director of the company (incidentally the only directorship he holds, which in itself makes him an unusual investment dealer) and has been responsible for the selling end of this national investment organization.

For several years he has taken an active interest in the affairs of the I. D. A. This past year he has acted as vice-president and chairman of the eastern section.

* * *

Speyer Dynasty

In an office at 24 Pine Street, New York City, there is a small model of a donkey. Ask its owner why it is there and he will say "I have it to remind me not to make an ass out of myself." The owner will also add, "But it has not always worked."

The man is James Speyer, head of the firm of Speyer and Co. This is the New York branch of a private banking business whose roots go back as far as the fourteenth century.

The New York branch has been in business exactly 100 years. Recently James Speyer was presented with the annual gold medal of the Hundred Year Association. The medal is awarded each year "To an individual who has contributed most to the civic welfare of the city." James Speyer is a member of the Association and was the first member to receive the group's own award.

* * *

The Speyer roots go back far into European banking history. Back to the historic city of Frankfurt-am-Main which for a score of generations produced some of the most famous financial dynasties in the world. Names such as Rothschild, Goldschmidt, Speyer and Oppenheim having come from this city of half a million inhabitants, to expand across the civilized world. In the 19th century the Speyers established connection in both London and New York.

The British firm was headed for many years by Sir Edgar Speyer, (a brother of James) who died in 1932. In the early days this firm had important financial connections with Canada, having sponsored among other issues a $7 millions offering of shares in Dominion Steel Corp. in 1912.

Of late years the American firm has been less active, James Speyer devoting more and more of his time to his philanthropies which were widely known on this continent and which culminated in the Hundred Year medal. When a New Deal Committee looked into the private banking business a few years ago, James Speyer's firm, instead of being "exposed," was actually given a few words of praise.

In the Mail . .

Performing Rights

Editor, The Financial Post:

We have noted with some satisfaction the article published in the June 11 issue, under the heading "Shots at Performing Rights" and thank you for the fair attitude which is adopted in your discussion of the affairs of this society and performing rights societies in general.

Your article very nicely expresses a point of view that this society has, for a considerable time, been attempting to bring to the notice, not only of our legislators, but also of the general public, namely, that there are two different interests to be considered, on the one hand, the creator of the music and on the other, the commercial users of his product who very often profit handsomely off his brain child. We say that without performing right societies, composers could have no real protection against commercial music users.

If the worst that can be said about performing right societies in general is that they are apt to display lack of tact in the administration of their business, perhaps, that charge is not a very serious one, and you will no doubt concede it is a charge on which there is room for two points of view.

As to your first illustration of what the society might do in the case of a hot-dog stand, the society's practice is not to take action where there is inability to pay license fees; on the other hand the society does not condone infringement by defiant and flagrant infringers. So far as court actions are concerned, the fact is that many of the court actions have been in the nature of test cases to determine points of law.

We draw to your attention an inaccuracy in regard to what is stated in the article as to fees charged the Canadian National Exhibition. No exhibition pays more than fourtenth of a cent out of each admission fee and the larger exhibitions pay one-tenth of a cent or less. The fee payable by exhibitions is in accordance with a scale approved by the Government-appointed Appeal Board.

R. A. HUTCHON,
Assistant Secretary,
Canadian Performing Right Society Ltd., Toronto.

As Others See Us . . . .

National Unity
Fort Francis Times

With national unity becoming increasingly the major Canadian issue of our time, it is stimulating to hear a plea for united Canadianism from national bodies whose presentations have recently been heard at Ottawa before the Rowell Commission.

The brief but excellent submission of the Canadian Legion, presented last week, sounded a much-needed call to real nationhood, observes The Financial Post.

Real Estate Taxation
Barrie Examiner

Of all matters dealt with in presentations made to the Rowell Commission none has been more emphasized than the undue burden of taxation which real estate is carrying. The Financial Post understands that the Commission is considering a recommendation that the basis of taxation on real estate be fundamentally changed. Adoption of the British system is suggested. Under it only the income from the property is taxed regardless of its value. Using rentals as the basis of assessment would be fairer and would also be a safeguard against excessive charges to tenants. Assessments on properties occupied by owners would be determined by the value placed upon rented properties of the same class.

No Need for Haste
St. Thomas Times-Journal

Early action on the proposed St. Lawrence waterway is not likely, Hon. Ernest Lapointe told the Canadian House of Commons recently. That makes it just about unanimous that Canada is in no danger of getting excited over the Roosevelt proposal for the joint development of the waterway for navigation and power purposes. There is a decided feeling that the present condition of our transportation position and the state of our finances do not warrant action at present.

The Financial Post, declaring that the project can never be justified by Canada as a waterway scheme, says the value of the proposal as far as Canada is concerned is "whether the long-term outlook for power demand in Ontario justifies a huge commitment of this nature at this particular time."

All this calls for delay. To do otherwise would be merely playing into the hands of Roosevelt.

British and Canadian Taxes
Victoria Times

Every time a change is announced in the British income tax rate, Canadian newspapers follow up the report with a news story presenting a comparison with the Canadian income tax rate. The impression conveyed to the reader is that the Canadian taxpayer gets off many times lighter than the Britisher. But the comparison is misleading, because it is inadequate in that it presents only part of the Canadian picture. In Britain there is only one income-taxing power; in most parts of Canada there are two, because provinces levy income tax, and in some places three, because some cities levy taxes on income of their citizens. Also, Britain raises a greater proportion of her revenue by direct income tax than does Canada, which resorts to more indirect taxation.

As The Financial Post points out, the Dominion, provincial and municipal Governments in Canada spend about $90 per capita per year. Central and local governments in Britain spend about $106 per capita per year. But as Britain's national income is 20% greater per capita than Canada's, Canadians really are more heavily taxed.

Stop Me If . . . .

Says Abie: "Cohen, I've been to the bank to borrow some money, and they say all I need is that you should sign to this note your name. Then I shall have all the money I need. Ain't that fine?"

"Abie," says Cohen reproachfully, "you and I have been friends for many years, and yet you go to the bank when you need money. Abie, you just go again to the bank and say that they should sign the note, and then Cohen will give you the money!"

Week in Business

Luxury Goods to Benefit From Stock Market Rise

Continuance of Better Feeling Would Help Sales of Cars, Furnishings and Durable Goods — Better Business Foundation Than in 1937

Recent about-turn of stock markets even if only as short lived as some nervous American observers are still cautioning, has put renewed hopes into durable and luxury goods industries. Stock market profits are quickly and easily transferred into new cars, boats, radios, refrigerators, furniture and houses. Sales of such products in Canada while not as seriously reduced as in United States, nevertheless have been running lower than a year ago. Now there is more prospect of them catching up.

* * * *

Even if the recent stock market movement is too short lived or insufficient in itself to generate a new and improved business spirit in United States, the stage is believed all set for an early fall revival in any case. Inventories have been depleted to a point where some routine purchasing is getting imperative. New crops are beginning to bring new money into rural districts even if prices are still much lower than in 1937. But of more immediate importance is the changed political picture. Recent public speeches of Roosevelt have been more conciliatory toward general business, and with a critical congressional election looming in a few months this feeling is expected to continue for quite a little while.

* * * *

Any business recovery in United States this year, moreover, is expected to prove more substantial than the hectic advance that characterized the early part of 1937. Then the country was facing nation-wide strikes and what was generally regarded as impossible demands from organized labor. The rapid accumulation of raw inventories in the spring was in the nature of preparations for a siege. When the siege did not follow, the surplus of goods proved embarrassing.

Now with this surplus largely liquidated and labor realizing that the goose that lays the golden egg requires some nourishment for herself, there is hope of an orderly and more lasting recovery.

And in all such recovery, of course, Canada stands to benefit not only because United States absorbs such a large proportion of our exports but also because that other major absorber, Great Britain, is also looking to Washington to start business upward again.

Business Indicators

Employment at June 1 shows substantial improvement.

Railway earnings (gross) for both railways for third week in June indicates downward trend from a year ago is decreasing, but C. N. R. in May reports deficit of almost half a million as against almost $1.7 millions profit for same month in 1937.

Carloadings continuing, about 10% drop from a year ago despite pick up in grain movement.

Iron and Steel production in May down slightly from last year and cumulative to date also.

Electric power output running slightly behind 1937.

Construction—Latest output figures cement and clay show downward trend.

Fisheries in May larger in volume but down in value from same month last year.

Motor car financing—Used cars up from year ago, new cars slightly down.

Life Insurance sales off about 4% for May, but cumulative for first five months substantially above same period in 1937.

Current trend in Canadian business is shown by The Financial Post's index of business activity, with new figures for the week marked thus▲.

	June 18	June 11	June 4	May 27	June 19/37
Weekly index, D.B.S.	107.0	107.1	108.5	106.3	108.8
Commodity prices	80.2	80.3	80.3	80.3	84.2
	May	Apr.	Mar.	Feb.	Year Ago
Financial Post index	110.5	109.0	108.9	113.0	122.0
Retail trade index no. of sales	....	75.9	77.8	76.4	75.3
Dept. store sales "	73.8	75.8	75.5	76.9	79.2
Wholesale index no. of sales	....	89.1	87.9	71.7	94.4
Country sales (% of gains)	....	5.5	0.5	3.7	8.9
Employment D.B.S. Index—					
	June 1	May 1	Apr. 1	Mar. 1	Year Ago
All industries	111.9	107.4	105.0	107.8	114.3
Manufacturing	112.3	110.6	110.8	110.5	117.9
Living costs¶	....	$17.36	$17.48	$17.39	$17.28

	1938	1937	Jan. 1 to date 1938	Jan. 1 to date 1937
Railways—				
Car loadings, week (June 18)	▲43,177	49,044	1,054,883	1,139,208
C.N.R. gr. earn., wk. (June 21)	$ ▲3,106,638	$ 3,756,980	$ 78,365,283	$ 89,940,131
C.P.R. gr. earn., wk. (June 21)	$ ▲2,246,000	$ 2,604,000	$ 57,875,000	$ 63,156,000
C.P.R. net revenue (Apr.)	$ 499,551	$ 1,848,410	$ 1,747,501	$ 5,490,823
C.N.R. net revenue (May)	$ ▲●478,614	$ 1,666,250	$ ●4,909,400	$ 6,232,761
Iron and Steel (May)—				
Pig iron production (tons)	▲71,602	78,147	339,783	345,666
Steel ingots and castings prod. (tons)	▲114,859	120,843	561,340	594,433
Automobiles (Number)—				
Passenger Cars:				
Domestic sales* (Apr.)	16,810	17,147	37,631	45,338
Factory output (May)	13,641	17,980	65,088	79,644
Trucks and Buses:				
Domestic sales* (Apr.)	3,962	3,873	9,376	10,020
Factory output (May)	4,474	5,478	22,338	25,086
Exports (May)	5,253	5,075	29,165	27,678
Financing (May)—				
Used	$ ▲4,794,541	$ 4,754,834	$ 15,075,292	$ 14,535,558
New	$ ▲5,295,003	$ 5,810,739	$ 16,274,424	$ 17,971,623
Construction—				
Production—				
Cons. contracts (May)	$ 18,590,000	$ 24,170,500	$ 59,727,100	$ 80,006,200
Cement, bbls. (April)	▲364,096	371,839	873,104	780,029
Clay (April)	▲264,689	289,272	755,737	730,664
Gypsum, tons (April)	49,579	65,708	68,158	102,360
Agriculture—				
Flour prod., bbls. (April)	794,282	1,051,564	3,564,182	4,158,332
Flour exp., bbls. (May)	297,126	348,866	1,351,828	1,686,712
Wheat exp., bus. (May)	3,370,545	8,026,507	18,508,485	31,543,967
Cattle sales (April)	49,627	56,841	213,699	241,218
Hog sales (April)	53,635	81,498	261,255	360,741
Sea Fisheries—(May)‡				
Catch, cwts.	▲1,078,865	1,150,998	2,261,125	2,312,203
Landed value	$ ▲1,888,222	$ 2,402,839	$ 3,969,492	$ 4,677,678
Newsprint (tons)—				
Production (May)	207,678	310,650	1,058,177	1,475,595
Exports (May)	209,069	294,725	908,766	1,324,937
Mining and Oils—				
Coal prod., tons (April)	▲869,772	988,823	4,950,570	4,880,746
Coal imports, tons (April)	545,287	916,062	2,017,754	2,600,538
Gold prod., fine oz. (Apr.)	368,439	323,337	1,446,386	1,288,231
Nickel prod., lb. (Apr.)	20,469,463	20,266,884	74,047,064	71,964,212
Copper prod., lb. (Apr.)	47,750,255	41,989,288	195,129,628	159,493,890
Crude pet. prod., bbls. (Apr.)	464,316	188,014	1,815,685	659,655
Crude pet., imp. bbls. (Apr.)	1,472,085	1,608,790	5,718,976	6,109,999
Electric Power Output (May)—				
Total monthly m.k.h.†	▲2,081,935	2,301,167	10,741,884	11,500,794
Trade—				
Imports (May)	$ ▲67,123,037	$ 76,707,454	$ 277,745,537	$ 305,147,005
Exports (May)	$ 72,791,247	$ 105,603,835	$ 337,371,613	$ 420,977,332
Other Industrial Factors—				
Dressed lumber, exp.:				
M. bd. ft. (May)	124,957	152,758	589,915	680,443
Boot & shoe prod., pr. (Apr.)	1,959,885	2,219,297	7,308,310	8,017,938
Cotton, raw, imports, lb. (Apr.)	6,760,526	8,629,060	42,700,281	51,394,477
Raw rubber imp., lb. (April)	2,238,834	3,031,470	12,380,714	15,385,873
Cigarette cons. (May) No.†	592,763	575,520	2,600,334	2,427,117
Sugar manufactured, lb.§	95,504,100	87,559,375	189,466,149	209,735,216
Finance—				
Bank debits (April)	$ 2,401,370	$ 3,376,200	$ 9,390,623	$ 12,525,326
Bond sales (May)	$ ▲205,350,369	$ 160,257,775	$ 560,246,550	$ 615,082,506
Life insurance (May)	$ ▲30,342,000	$ 31,858,000	$ 157,588,000	$ 155,078,000

*D.B.S. All-Canada figure comprising over 90% of the Canadian total.
†000's omitted. §For four weeks to May 21, 1938.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C.
¶For average family per week, food, fuel, rent. ●Deficit

Dominion Stores Reports 2 Per Cent Drop in Sales

Sales of Dominion Stores Ltd. for the sixth period ended June 18, 1938, were $1,466,405, as compared with $1,503,839 for the corresponding period in 1937, and a decrease of 2.49%.

Monthly sales figures for this year and last are as follows:

4-Week Period Ended:	1938 $	1937 $	Decr. %
Jan. 29	1,404,480	1,457,927	3.67
Feb. 26	1,459,840	1,474,989	1.03
Mar. 26	1,472,091	1,544,860	4.71
Apr. 23	1,495,190	1,547,273	3.37
May 2	1,486,876	1,515,533	1.89
June 18	1,466,405	1,503,839	2.49

Canadian Cottons Calls Tenders for New Plant

From Our Own Correspondent

MONTREAL. — Canadian Cottons Limited has called for tenders for a three-story concrete and brick cotton bleaching unit in connection with the Marysville factory.

At present the bleaching is done in Cornwall, Ont. This work will be done at Marysville when the new unit is completed and put into operation some time this fall.

WHEN IN LONDON...

You can buy THE FINANCIAL POST at our office, 2, 3 and 4 Cockspur Street, next door to Canada House on Trafalgar Square, or at W. H. Smith & Son, Limited, Strand House, Portugal Street, W.C. 2, or
Underground Railway Station Bookstall, Bank, E.C. 2.
Metropolitan Railway Station Bookstall, Moorgate St., E.C. 2.
Southern Railway Station Bookstall, Blackfriars, E.C. 4.
Underground Railway Station Bookstall, Knightsbridge East, S.W. 1.
Metropolitan Railway Station Bookstall, Liverpool Street, E.C. 2.
Kiosk, 34 New Bond Street, W. 1.
Southern Railway Waterloo Station Main Bookstall, S.E. 1.

IN NEW YORK...

You can buy THE FINANCIAL POST at our office—The MacLean Publishing Company, on the 6th floor of the Guaranty Trust Building, which is located at Fifth Avenue and 44th Street.
News stand, 80 Broadway (Corner Wall Street).
News stand, 11 Wall Street.
News stand, 17 East 42nd Street (N.E. corner Madison Avenue).

Tax Increase For Truckers Held Unlikely

Ontario Probe Findings May Advise Tightening Regulations

ROAD COST ISSUE

The Ontario Royal Commission on Highway Transport, now in its final session is reported to be favorably impressed with the case presented by the trucker to prove that he is paying his fair share of road costs.

This has led to the prediction that the commission's recommendations are unlikely to include any increase in motor vehicle taxation in the province.

This does not mean, however, that the trucker will be completely whitewashed nor be allowed unrestricted freedom. More government control will probably be advocated, more authority over freight rates, hours of labor, and other working conditions. But in the main, highway trucking will undoubtedly be allowed to develop along the present lines.

Apparently, unknown to the general public, the Ontario government already possesses considerable authority. There are regulations concernings roadweights, and lengths of vehicles. Routes can be rigidly restricted and there is control over licenses.

This present government control, however, is generally admitted to be laxly administered and unquestionably the Commission will recommend more general enforcement.

Supervisory Board

It has been suggested that some sort of a supervisory board might be established. This would have powers comparable with those of the present Dominion Railways Board. It would not be responsible for the fixing of freight charges so much as adjusting rates when proper complaints have been made. A few cases have already been unearthed of cutthroat competition among common carriers. Loads have been carried between two big centres, like Toronto and Hamilton, at ridiculously low charges. Drivers have been forced to work dangerously long hours and at wages out of proportion to the present cost of living.

These cases, however, are not nearly as numerous as is generally supposed and they are disappearing largely as a result of wage and other agreements between truck drivers and owners. One brief stated that already over 40 such agreements have been negotiated voluntarily and, as an inevitable consequence, freight rates have been jacked up and to a level that will probably assure permanent business.

Already, too, the law of sound economics appears to be steadily eliminating the much criticized train type of truck. These trains, consisting of a truck trailer and another trailer attached, the Commission has been told, are not economic. Initial and operating cost is high, and they must be kept busy to pay their way.

Road Costs

Major interest of the probe has centred around the proper apportioning of road costs, a question in which all provinces are interested.

The Railway Association of Canada presented a brief, largely prepared by an American professor, C. B. Breed, of the Massachusetts Institute of Technology. The Automotive Transportation Association of Ontario, representing the commercial truckers, countered with another, also largely prepared by an American Professor, John F. Worley, of the University of Michigan.

Both briefs, for their starting point, used the period just after the war when the first large scale road building was undertaken in Ontario.

Both briefs made an estimate of total road cost in Ontario to 1937—construction, maintenance and interest—and the share properly that could be charged to the motor vehicle owner. The Railway Association set the cost at approximately $356 millions and the A.T.A. brief at $240 millions. The latter claimed that the railwaymen made the mistake of adding the county share of highway costs twice.

Sharing Costs

Other differences were due to exceptions made by Professor Worley. He did not agree with the railway brief that all Ontario roads should be charged to the motor vehicles. Throughout northern Ontario, he claimed, roads were largely built for developing mines and carrying the originating freight to and from the Ontario Government owned Temiskaming and Northern Ontario Railway.

The majority of witnesses at the probe seemed to agree with Professor Worley that northern Ontario road costs should be excluded.

The A.T.A. brief and representatives took strong exception to the apparent assumption of the railwaymen that the whole cost of a highway should be written off in 25 years.

Higher fees urged

The railwaymen claimed that to defray their estimate of total road cost since 1919, gas and license fees would have to be raised from 25 to 1,000%. Trucks now being taxed $431 annually in gas and license fees would pay $4,253. A motor bus in the same weight class would have to pay well over $7,000 a year instead of the present rate of approximately $1,100.

To the total capital investment in Ontario highways of $240 millions between 1920 and 1937, the A.T.A. brief claimed that motor vehicles in gas and license taxes have already contributed $210 millions, leaving a mere $30 millions still owing. It was also claimed that, in the last five years, payments have been catching up to total expenditures at the rate of over $12 millions annually and the brief states:

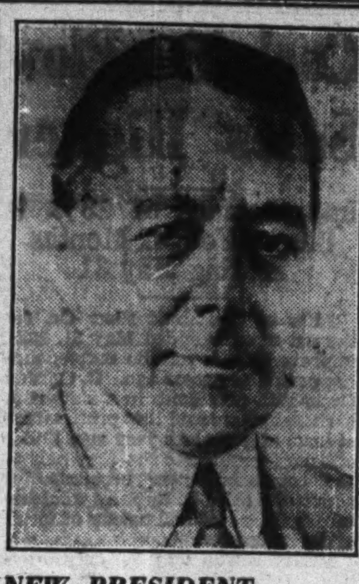
"This means that if the same ratio of receipts to expenditures is maintained for the next three years, the revenues from fees and gasoline tax provided by the motor vehicle owners in southern Ontario will have completely paid to the province the total cost of construction, maintenance and administration . . . together with interest at 4½%."

Says Present Tax High

The automotive users' share of total cost, it was stated, should not be more than 80% to 85% of the main highways, about half that for county and township roads, and 25% of city streets. If these proportions of the cost are assumed, then the A.T.A. asserts present revenue from gas and motor license fees is already more than sufficient to carry even the railwaymen's Railway Association corrected estimate of total cost—$31.7 millions annually — and current scale of taxation should be reduced, especially on the larger commercial trucks.

Particular grievance was voiced in connection with license fees originally imposed to provide for the cost of administration incidental to the licensing system. Since 1932 these fees have amounted to $49 millions and cost of administration for the same period as at $4 millions. On this basis the A.T.A. brief asks for a substantial reduction in motor license fees.

In view of the sharp reduction a year ago, especially in fees on passenger cars, there is some doubt as to whether this plea will be considered. What is more likely, The Financial Post understands, is that the Department of Highways will increase services especially in connection with traffic surveys, and thus step up expenses more in keeping with the income from the sale of markers.



NEW PRESIDENT

Edgar John Kay, of Montreal, was elected president, Canadian Underwriters Association, at the annual meeting at St. Andrews, N.B. Mr. Kay is manager for Canada and Newfoundland of the North British & Mercantile Insurance Co. Ltd.; manager, Railway Passengers Assurance Co.; and president of the Occidental Fire Insurance Co. He was born and educated in Sheffield, Eng.

Foreign Business

United States Department summarizes foreign business as follows:

Belgium — Further declines in economic activity occurred during May, with unemployment larger and practically all indexes unfavorable as compared with last year; the only exceptions are some improvement in the diamond and automotive trades.

Union of South Africa—Motor car sales have improved and wholesale and retail business gives indications of the reduction of accumulated stocks; good rains have improved agricultural prospects and general economic stability is expected to follow the recent election.

Switzerland — Improvement recorded during practically the whole of 1937 has not been maintained in the early part of this year, although export branches of industry are holding up fairly well; the number of unemployed, however, is still considerably smaller than last year and the index of economic activity also somewhat better.

Foreign Exchange

AT TORONTO AND MONTREAL

U. S. Dollar	High	Low
June 25	1.00 31/32	1.00 31/32
June 24	1.00⅞	.....
June 23	1.01 1/32	1.00 31/32
June 22	1.01 3/32	1.01 1/16
June 21	1.01⅛	1.00 31/32
June 20	1.00⅞	1.00 31/32

U. K. Pound	Closing	Last Year
June 25	5.01¼	4.94⅝
June 24	5.00⅞	4.94¾
June 23	5.01¼	4.94⅞
June 22	5.00⅞	4.94⅞
June 21	5.01	4.94⅝
June 20	5.00½	4.94¼

Other Currencies, June 25

Australia	4.01⅝	Italy	.0531½
Belgium	.1716	Japan	.2922
Czecho.	.0351¼	Jugoslavia.	.0236⅞
Denmark	.2238¼	N. Zealand	4.04⅝
France	.0281¾	Norway	.2519
Germany	.4072¼	S. Africa	5.00¼
Greece	.0093	Sweden	.2584½
Holland	.5596½	Switzerland	.2320
Hungary	.2004⅞	Hong Kong	.3124
India	.3719⅞		

Average Tax of $1727 Paid By Branch Banks in Alberta

W. McDonnell, Alberta superintendent of the Bank of Montreal, has just submitted a few pertinent facts to Premier Aberhart about the banking situation in Alberta.

"In 1936 taxation levied by your Government on the banks totalled $75,406 annually.

"On June 30, 1937, a further $140,000 per annum was levied, bringing the total up to $214,000.

"Again in Aug., 1937, a new bill was passed increasing bank taxes by a further $2 millions. This law was eventually held to be invalid by the Supreme Court of Canada from whose decision your Government has appealed to the Privy Council.

"Again in 1938 at the session just ended, the taxes then existing, namely, $214,000 per annum, were increased 50% to $321,000 per annum.

"The foregoing total of provincial taxes does not include $246,278 in municipal property and business taxes.

"On this basis a grand total of $567,278 would be paid by the banks in Alberta in 1938.

"It may be pertinent to say that the average provincial tax per branch through Canada in 1937 was $585.

"Whereas Alberta's average was $1,071 which has been raised this year to $1,727, nearly three times as great as the average for all Canada."

Regional Business Reports Show More Encouragement

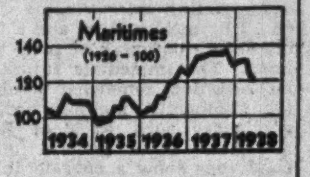
Though three of the five Canadian economic areas continued to show regional declines in May these were slight and more of a flattening nature than hitherto recorded this year. They were offset, too, by slight gains in the Prairie Provinces and British Columbia.

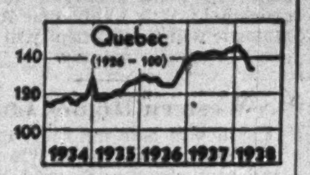
Compared with a year ago construction showed considerable recession in all areas and there was also some slowing down in output of central electric stations in eastern and central Canada. Decline in employment, however, was of minor character and the same is true of bank debits with the exception of the Prairie Provinces where the failure of the wheat crop last year, of course, was responsible. Details of Canadian general business by economic areas are revealed in the following graphs and statistics:

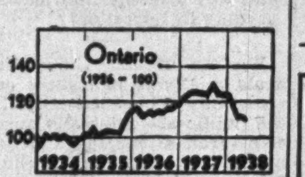
Trend in Business in Economic Areas

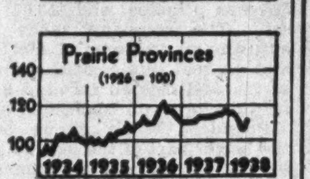
	May 1938	Change May 1937	Apr. 1938
Maritimes:			
Constr. contr. ......$	2,196,000	—55.1	1,298,000
Bldg. permits ......$	301,000	—14.0	210,000
Life ins. sales $000	2,151	+ 1.2	1,998
Bank debits ..$000,000	53.3	— 8.4	50.4
Elec. pwr. ..kw.h. 000	68,459	—10.6	67,507
Employment*	110.9	— 9.1	107.3
Shipping ....tons	252,054	—35.4	370,318
Exports ....$	12,683,956	—15.1	21,966,836
Index	120.2	—10.2	124.7
Quebec:			
Constr. contr. ......$	6,175,000	...	4,238,000
Bldg. permits ......$	1,248,000	+ 9.2	844,000
Life ins. sales $000	8,131	—10.5	8,696
Bank debits ..$000,000	801	—10.4	761
Elec. pwr. ..kw.h. 000	1,063,694	— 8.0	1,078,107
Employment*	120.4	+ 6.0	112.6
Imports of coton ..lb.	414,210	—11.3	400,437
Newsprint prod. .tons	207,678	—32.8	200,794
Index	135.0	— 6.8	137.1
Ontario:			
Constr. contr. ......$	7,960,000	—20.3	6,502,000
Bldg. permits ......$	2,728,000	+ 7.2	1,642,000
Life ins. sales ..$000	13,264	— 3.8	13,227
Bank debits ..$000,000	1,116	— 8.1	1,093
Elec. pwr. ..kw.h. 000	617,072	—17.1	593,400
Employment*	112.5	— 5.3	109.9
Livestock slaughter'gs	128.0	— 9.1	131.7
Steel prod. ...... tons	114,859	— 5.0	116,445
Auto. prod. ......No.	18,115	—22.8	18,819
Index	111.0	—12.9	112.2
Prairie Provinces:			
Constr. contr. ......$	1,213,000	—28.6	2,110,000
Bldg. permits ......$	504,000	—28.8	135,600
Life ins. sales $000	3,896	— 1.9	3,267
Bank debits ..$000,000	344	—20.4	354
Elec. pwr. ..kw.h. 000	168,703	+ 2.7	167,807
Employment*	97.0	— 2.3	91.5
Wheat receipts‡ .. bu.	2,396,000	—42.4	4,746,000
Wheat prices	115/3	—11.7	138/3
Index	116.8	— 3.7	109.3
British Columbia:			
Constr. contr. ...... $	1,046,000	—26.5	880,000
Bldg. permits ...... $	1,794,000	+174.3	828,000
Life ins. sales $000	2,460	— 4.8	2,436
Bank debits ..$000,000	147.4	—13.0	142.8
Elec. pwr. ..kw.h. 000	164,007	+ 8.9	156,980
Employment*	105.1	— 6.3	102.8
Exports ....$	9,883,743	—27.8	6,450,851
Shipping, Vancouver ..... tons	921,133	— 3.5	885,886
Index	122.6	— 0.3	121.8

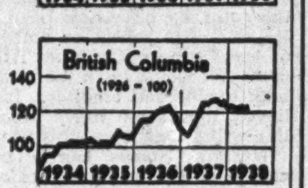
*1926=100.
‡Cents and eighths of a cent per bushel.











Background of Business

May Motor Output

Total production of all motor vehicles in May for United States was 192,000. This represents decidedly more than a 50% drop from May, 1937 when total reached almost 517,000. For the first five months of the current year production amounted to 1,029,000 as compared with 2,291,000 a year ago. This is in sharp contrast to Canada where total production for May was 18,000 vehicles as compared with 23,500 a year ago and a total for the first five months of 87,000 as compared with almost 105,000 in 1937.

In truck production the difference between the two countries is still greater. May total in Canada was 4,474 or only about a thousand vehicles down from May a year ago and for the first five months, 22,000 as compared with slightly under 26,000 a year ago. In United States, on the other hand, output in May amounted to 37,000 or only slightly more than a third of the output for the same month a year ago and total for the first five months of this year was 229,000 compared with 415,000 for the first five months of 1937.

* * *

Explain Installment Buying

Deciding that the time had arrived for the enlightenment of the general public in regard to installment buying, Industrial Acceptance Corp. is currently running an educational series of large advertisements. In this, they make a point of advising the public not to spend beyond their income.

There have been many critics of the installment method of buying, it is pointed out, but most of these have failed to distinguish between those who use the practice sensibly and those who abuse it. These criticisms, it is further stated, also fail to distinguish between responsible, reliable finance companies and the so-called "loan sharks." The series also points out the value of the installment buyer and installment buying to general business.

* * *

University Business Course

Starting in the 1938-39 terms, the University of Toronto has made provision for a course in Business Administration leading to an M. Com. degree. The course follows on from the University's Commerce and Finance undergraduate course. It is said to be the only one of its kind in Canada. In addition to compulsory courses in Business Administration, Corporation Finance, Accounting and Industrial Law each student will be required to choose a field for special work, such as public utilities, transportation, marketing, manufacturing and business history with an additional subject in an allied field.

Based on similar courses in universities in U. S. and England, students will be expected to specialize on accounting and statistical problems and obtain as much insight as possible into the practical end of the subject by direct contact with business organizations. No thesis will be required but periodic reports on current work will be expected.

* * *

Living Costs Less

Notwithstanding some slight increase in rents this spring the Dominion Bureau of Statistics reports a slight decline in the cost of living in Canada. Lower prices for foods and fuel are responsible. Led by sharp decreases in egg, butter and potato prices the food group declined well over 1% in May alone. This trend has been noticeable for the last few months. It is offset, however, to some extent by a parallel slow but steady increase in rents, a gain of 1% being recorded since last October. Present cost of living in Canada is now estimated at almost 85% of the 1926 level. The latter year is usually taken as a base or normal one in all D. B. S. calculations, but in the case of the cost of living it is now considered much above average.

Changing Conditions

Conditions in the field of investment meet with frequent changes. The resources of our organization for securing authoritative information upon investment subjects are available to any of our clients.

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By Developing Export Trade

As a Canadian you are a partner in a four-million dollar a day business, for in the calendar year 1937 Canada exported goods valued at more than a billion dollars. $1,124,960,000 to be exact. Out of that huge sum came part of the wages you were paid, part of the profits on your business, part of the professional fees you collected. You, therefore, have a very selfish interest in this great export trade and in the work that is being done to promote it.

Trade Commissioners In Foreign Markets

To make business grow either at home or abroad, more goods must be sold at a profit. To extend export trade, the Canadian Department of Trade and Commerce has located Trade Commissioners in every major market with which Canada can profitably do business. These specially trained representatives are constantly investigating foreign markets and energetically promoting the sale of more Canadian products. Through the Canadian Government Exhibition Commission, Canadian products have been shown to millions of possible buyers all over the world: in Johannesburg (S. Africa), in Paris, in South Australia, in England, in Glasgow and at numerous other major fairs. Co-operation has also been extended to individual firms who wished to exhibit Canadian products at some forty fairs where no official Canadian exhibit was scheduled.

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HON. W. D. EULER, M.P., *Minister* *Ottawa* J. G. PARMELEE, *Deputy Minister*
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Imperial Tobacco

Would you let me have your opinion on Imperial Tobacco Co. of Canada's ordinary stock?

Imperial Tobacco Co. of Canada is by far the largest operator in the Canadian Tobacco industry and controls some 70 to 80% of the Canadian tobacco trade. The company is well entrenched and over a period of years has established a strong financial position and earning power. The ordinary shares are highly regarded as an investment medium. There is a lack of speculative interest in the shares, which are closely held. Consequently they have been favored where regularity of income and minimum fluctuation in market value is desired.

Drummond St. Realty

I am holding $2,000 of Drummond Street Realty Corp. 5% bonds maturing in October, 1955. I would like very much to know the real quotation and the possibility of transacting them on the market.

There is a very "thin" market on the Drummond Street Realty 5% bonds of 1935. Normally the market ranges from 25 to 30. However, there is no active bidding on the issue at this level and it may take a little time to find a buyer.

Montreal Power

I hold a few shares of Montreal Power and would like to have some particulars about future prospects for this company.

It is rather difficult to give an opinion on the future prospects of Montreal Light, Heat and Power Consolidated, for the reason that there has been considerable political agitation in the province for public ownership over the last two or three years and confidence in the company's outlook has been somewhat impaired. Further, operations and rate schedules are under the direct control of the Quebec Electricity Board, so that the future outlook of the company depends very largely upon Government policy. At this time there is a certain amount of uncertainty as to just what the policy may be in years to come and for that reason the stock is not as highly regarded as it was a few years ago. However, it is the general belief that the Electricity Commission will not likely impose any regulation which would interfere with the company's ability to maintain the present dividend on the common stock.

National Steel Car

Will you be kind enough to let me have a report on National Steel Car?

National Steel Car's earning power has undergone a steady improvement in the last couple of years and in the year ended June 30, 1937, net earnings of $312,393 were reported. This was equivalent to $1.24 a share on the common stock, as against nine cents a share in the previous year. During the current year the company has received additional business and expectations are that the report for 1938 will show a further improvement in earnings.

The company, further, has broadened its operations especially in the aircraft field. Some armament orders have been secured from the British Government and the company is in a position to handle more of this business as and when the contracts are placed. Reflecting the improvement in position, the management recently declared a dividend of 50 cents a share on the capital stock.

B. C. Power

Will you please let me have your opinion on B.C. Power class "A" stock? It is giving a big return for a power company. What are the possibilities for the stock over a longer term?

British Columbia Power Corp. is the largest utility operating in British Columbia. Actually it is a holding company which through its subsidiaries supplies all the electric power and gas services in the most important municipalities of British Columbia and operates electric railway systems in Vancouver, Victoria, New Westminster, North Vancouver and Burnaby, as well as other extensive transportation facilities. The company has recorded satisfactory growth over a period of many years and while earnings fell off during the depression, necessitating a reduction in the dividend on class "A" stock, returns of late years have been on a better basis and last October the class "A" stock was returned to full dividend basis of $2 a share annually. The financial statement for the year ended June 30, 1937, showed earnings of $1.77 on the class "A" stock, as against $1.64 a share the year before. The restoration of the dividends to $2 a share indicates higher earnings and for the 11 months ended May last, B. C. Power reported earnings of $1.94 a share, as against $1.87 a share for the like period the year before. The area in which the company operates is steadily growing and the prospects for the future appear bright. As far as the company itself is concerned, it is rendering an efficient service and its public relations appear to be quite satisfactory.

International Petroleum

Could you give me a record of dividend payments of International Petroleum from 1930 to date?

Prior to 1935, International Petroleum Co.'s fiscal year ended Dec. 31, but in that year the date was changed to June 30. From 1930 to 1932, the company paid annual dividends of $1 a share; in 1933, $1.09 a share; and in the six months ended June 30, 1934, 84 cents a share plus an extra of 44 cents. In the year ended June 30, 1935, the company paid $1.31 a share, plus extras of 94 cents. In the 1936 and 1937 fiscal years $1.50 plus an extra of $1 was paid.

Dividends were payable quarterly until the payment of 56 cents a share on June 1, 1934, which placed payments on a semi-annual basis and established a regular rate of $1.12 a share. Prior to that dividends had been paid at the rate of 25 cents a share quarterly in United States funds but the dividend due June 15, 1933, was declared payable at the rate of 28 cents a share quarterly in Canadian funds. This change of dividend policy was prompted by the tax impost in the 1933 Federal budget placed in Canadian corporations which were paying dividends in United States funds.

Muirheads Cafeterias

Has any plan been proposed to reduce the arrears of the preferred stock of Muirheads Cafeterias? Has there been any improvement in the company's business?

No proposals for the liquidation of arrears on the preferred shares have been advanced so far.

The company operates three restaurants in Toronto in the medium-priced field. They are well located and appear to enjoy their fair share of clients. However, there are factors entering into the picture, such as the increased cost of labor and foodstuffs, which might adversely affect the company's earnings.

Annual statement for 1938 should make its appearance in the near future.

Some improvement in the fiscal year ended Feb. 28, 1937, was evident from the company's report. Net loss of $13,119 in that year compares with a net loss of $21,409 in the previous fiscal year. The last net profit recorded was $16,591 in 1932, equivalent to earnings per share of $2.23 on 7½% preferred shares, of $10 par value, and 14 cents on the common.

Certain economies in rentals were effected in 1937 and working capital has shown moderate improvement in the last two years. Equity behind the preferred and common shares has fallen steadily and at the end of 1937 equalled to $73.35, as compared with $91.08 in 1934.

Rogers-Majestic

Has there been any indication of what to expect of Rogers-Majestic earnings in the 1938 fiscal year? We understand that there has been keen competition in the radio business. How has this company fared?

We understand that the annual report of Rogers-Majestic Corp. for the year ended March 31, 1938, will show net profits slightly above the level of the preceding year when 60 cents a share was earned on the company's stock. This was the highest profit reported since 1931 and followed a period when large deficits or negligible profits had been reported. We are informed that all departments of the company shared in the improvement shown last year.

The company makes radios, washers, ironers, vacuum cleaners, refrigerators, ranges and clocks and also owns and operates radio broadcasting station CFRB and short wave station CFRX.

It is understood that the radio business in this country has been badly disorganized this year with disappointing sales volume experienced by most makers and a resulting severe outbreak of price reductions. The immediate future must be regarded somewhat doubtfully for companies making household appliances such as does Rogers-Majestic. Until general business conditions show a considerable improvement, it is likely that Rogers-Majestic will find difficulty in maintaining its sales volume.

Western Homes Ltd.

Could you give me some details of Western Homes Ltd., Winnipeg, and any current information regarding its operations?

Western Homes Ltd., Winnipeg, deals chiefly in mortgages on Winnipeg City properties. Liabilities to the public are relatively small. Receipts from all mortgage investments in 1937 were $424,639, of which $71,568 was principal and $53,071 interest. The company made heavy adjustments in favor of mortgagors and on real estate, paid a dividend of 2% and carried forward $100,509 in the form of undivided profits.

President Willis Argue believes the larger part of the losses likely to be caused through adjustments by the company have now been taken. He said that repeal or amendment of the Farmers' Creditors Arrangement Act would be in the interest of both debtor and creditor. It is believed that some move along this line will be made yet this year.

Western Homes has a paid-up capital of $1.5 millions. Its balance sheet at the end of 1937 showed mortgages, agreements and secured loans of $856,996 among its assets, as well as improved real estate of $630,346. Total assets were $1.6 millions.

Massey-Harris

How are the 5% first mortgage bonds of Massey-Harris regarded? What is the future for company sales?

The sinking fund on the 5% first mortgage bonds of Massey-Harris Co. was adjusted in 1936 to waive defaults in payment subsequent to April, 1933. The company has to redeem $2 millions of bonds before it can make any cash payment of dividends as provided by the changes made in 1936. With this exception, the Massey-Harris bonds have always been fully serviced in spite of the fact that for the six years prior to 1936 earnings did not cover interest and depreciation requirements.

Bond interest was earned 4.28 times in 1937 after depreciation and provision for bad debts. This compares with 1.16 times in the year ended Nov. 30, 1936. These bonds could not be ranked among the highest grade of industrial bonds in Canada but they appear to be amply secured by assets and interest payments were maintained regularly throughout the depression.

Because of its dependence on sales to farmers in various parts of the world, the company's prosperity is closely linked with that of the agricultural industry throughout the world. In Canada this year, prospects at the moment are reasonably good for better sales but operations in other parts of the world, such as the United States, are hardly as promising. It is generally admitted that there is a large backlog of equipment to be purchased by farmers as soon as their income permits and Massey-Harris Company could be expected to obtain its share of this business.

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Canada Northern Revenue Higher

Increased Expenses Keep Down Net — Operations on Wider Scale

From Our Own Correspondent

MONTREAL. — Canada Northern Power reports a further increase in gross revenue during last May, but an increase in operating expenses brought net operating revenue down to $235,235, compared with $243,437 a year ago.

Cumulative returns for the first five months of 1938 follow much the same trend. Gross shows a moderate gain over that reported in the same period of 1937, while net operating income totals $1,159,441, as against $1,184,967.

During the past month the company had an output of 58,795,282 kw.h., an increase of 10% over May last year. For the five-month period production was 287,199,395 kw.h., compared with 262,427,845 kw.h. in the same period of 1937.

Further increase in the number of customers is reported by the company. During May 155 new customers were added to the system, bringing the number served at the end of the month to 20,293, compared with 17,958 at the end of May last year.

Comparative figures on earnings follow:

May:	1938 $	1937 $
Gross earnings	421,964	408,285
Oper. expenses	186,729	164,848
Net earnings	235,235	243,437
Five Mos. end. May:		
Gross earnings	2,098,752	1,999,622
Oper. expenses	939,311	814,655
Net earnings	1,159,441	1,184,967

Rockwool Corp. Auctions Assets

Dividend to Secured Noteholders Not Yet Determined

Assets of Rockwool Corp. (Canada), Brantford, Ont., in receivership since May 19, 1937, were sold at public auction on June 23. Until the company's entire assets have been liquidated it cannot be estimated how large will be the dividends to holders of $188,900 of 5% sinking fund convertible notes. The 5% convertible notes, series "B," of which there are $59,700 are not secured in any way and no disbursements will be made. Other stockholders, consequently, will receive nothing from the liquidation. It is understood that disbursements to the secured noteholders will be relatively small.

The company was incorporated with an Ontario charter in 1935 to manufacture insulating materials in its Brantford plant. Rutherford Williamson & Co. acted as receiver and managers when the company went into receivership in 1937.

Postal Shares Taken From Montreal List

From Our Own Correspondent

MONTREAL.—The 7% non-cumulative preferred stock of Postal Telegraph and Cable Corp. was removed from trading on the Montreal Stock Exchange on June 27 at the request of the company.

In June, 1935, the company filed a petition for reorganization under the United States bankruptcy laws, and proceedings are pending. Officers of the company have been conferring with protective committees of bondholders and shareholders with a veiw to preparing and presenting a plan of reorganization.

Elected a Director

From Our Own Correspondent

MONTREAL.—Colin W. Webster has been elected a director of International Paints (Canada) Ltd.

Mr. Webster is president of Canadian Import Co. He is a director of Massey-Harris Co., J. S. Mitchell & Co., Imperial Trust Co., British Coal Corp., and Consolidated Oka Sand and Gravel Co.

Gain of $1.7 Million By Tax Free Refunding

Dunning Announces Estimate of Additional Revenue Through Redemption of Last Relics of War-time Bond Financing

Estimated annual increase in income tax revenues for the Dominion will be $1.7 million as a result of the refunding of the last of the tax-free bond issues last year.

This information is given by Hon. C. A. Dunning, minister of finance in his budget speech last week. It is based on the assumption that holders of these tax-free issues paid income tax at the 15% corporation tax rate and that the proceeds of the two tax-free issues were reinvested to yield an average return of 3½%.

Savings in interest charges for the Dominion are estimated at $6.3 millions by the minister as a result of refunding operations carried out last year. Last year the Dominion issued a total of $295.5 millions of new bonds to refund $321.9 millions of maturing securities, the difference being provided from cash balances. All financing was done in Canada with the exception of $48 2/3 millions of 3¼% refunding bonds in London.

Mr. Dunning referred to the Government's practice of issuing regular amounts of treasury bills. This provides for an effective functioning of the short term money market by keeping available at all times a reasonable supply of high-grade liquid credit instruments and also gives the Dominion treasury a revolving cash fund at low interest rates. Average cost to the treasury of the 24 treasury bill offerings made last year was .689%.

The bond market in Canada gave an infinitely better account of itself during 1937 than did the stock market, according to Mr. Dunning. Total bond issues sold by Dominion, provincial and municipal authorities and by private corporations in 1937 aggregated $701.7 millions, of which $225.6 was for new capital and $476.1 millions for refunding purposes. In the first quarter of 1938 total offerings were $162.1 millions of which $76.8 millions was for cash and the balance for refunding. In spite of this interest yields on Dominion bonds are lower now than ever before with the exception of a short period in 1936, says the Finance Minister.

If treasury bills are included, the average rate of interest paid on the outstanding debt of the Dominion is 3.53%, according to Mr. Dunning. If treasury bills are excluded the average rate is 3.67%. The latter figure compares with 3.56% for the United Kingdom, 2.69% for the tax-free debt of the United States, 3.79% for New Zealand, 3.92% for South Africa, 3.98% for Australia and 4.43% for France.

Mr. Dunning refers to Australia's policy of conversion of its public debt which started in 1931. Before this conversion plan, average rate of interest paid on Australia's debt was 5.25% as at June 30, 1931. By June 30, 1937, this has been reduced to 3.93%, a reduction of 25.1%. Average rate of interest on Canada's outstanding debt as at March 31, 1931, was 4.98% against the 3.53% rate today, a reduction of 29.1%.

Saving in Interest Charges

Total debt of the Dominion Government, excluding guaranteed issues but including treasury bills, was $3,315 millions, an increase of $1,031 millions since 1930. Annual interest charges, however, on this debt was $117.1 millions as at March 31, 1938, less than the figure for corresponding dates at any period since the close of the war with the exception of March 31, 1930.

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SASKATOON REGINA

Cockshutt Plow Sales Higher

Improvement of 13% is Shown For Six Months Ending May 31

Sales of Cockshutt Plow Co. for the six months ended May 31, 1938, improved 13% over the corresponding period of a year ago. C. Gordon Cockshutt, president, in a statement to shareholders said that profits were at least as great as a year ago. Under ordinary conditions the first half of the company's year accounts for about one third of its sales total because of the seasonal nature of much of its business.

Saskatchewan was the only province in Canada where sales failed to show an increase. Mr. Cockshutt, however, pointed to the present indication that the dry cycle of years had ended in western Canada and mentioned that, with continued good weather, a large crop could be expected.

Credit to Farmers

Credit is still being extended to farmers but the basis is somewhat more restricted than prevailed formerly. Little, if any, progress was made in the liquidation of receivables during the first half of the year, but, in spite of the debt legislation in western Canada, the management feels confident that, with a good crop this fall, there will be an improvement.

In July of last year, when a statement of sales improvement was made, it was already known that the crop in western Canada was going to be unsatisfactory. This contrasts with a continuation of reasonably good prospects for the current year.

In the year ended Nov. 30, 1937, with an increase in sales of 44% the company reported a net profit equivalent to 61 cents a share ascompared with 7 cents a share in the 1936 year.

Montreal Hopes To Save on Power

From Our Own Correspondent

MONTREAL.—Provided Montreal Light, Heat and Power accepts the new contract, the city of Montreal will cut its present electricity bill from $1,064,000 a year to $550,000.

Some of the principal clauses in the draft of the proposed contract follow:

Measure of quantity: To be done at place of delivery. City reserves right to verify metres and place its own beside those of company.

Hours of street lighting: From sunset to one-half hour before sunrise, except in cases of urgency.

New Price Basis

Price: A horsepower to equal 746 watts, and a horsepower year, one horsepower maintained in operation during 8,760 hours. For waterworks system, each horsepower year of primary power to cost from $12 to $15, depending on place of delivery; secondary power, $5.40. For sewers, $20 primary and $5.40 secondary. For lighting of streets and parks, ½ cent per kilowatt hour plus 20 per cent for loss in transmission for alternating current; one cent for direct current. For building, motive power and other purposes, nine-tenths cent per kilowatt hour.

Payment: Company to submit its bills monthly before the 15th. City allowed 30 days to verify. If non-payment after the 30 days, the city to pay 5% interest on amount due.

Maintenance of underground lines of street lighting system by the city.

Maintenance of overhead lines by the company.

Municipalization: "The city reserves the right to municipalize its electric services, and in this case, to terminate the present contract in whole or in part on expiration of six months notice."

New Director Is Elected To Dominion Textile Board

From Our Own Correspondent

MONTREAL.—In the light of conditions, Dominion Textile Co. enjoyed a good year in 1937, Sir Charles Gordon, president, told shareholders at the annual meeting here.

During 1937 the company spent $1,575,661 on plant improvements. Of this, $500,000 was spent at the Magog mill on spinning and other equipment. New equipment installed will enable the company to make some saving as it will be able to use shorter staple cotton. Changes in the print works were made for the purpose of improving the quality of shirt fabrics rather than effecting a saving.

W. A. Eden, president of Dominion Rubber Co., was elected a director to fill the vacancy created by the resignation some time ago of W. A. Black. Other directors were re-elected.

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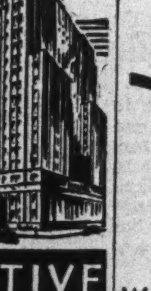

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I. C. C. Approves Soo Line Trustees

Insurance Companies and Savings Banks Hold $47 Millions of Bonds

From Our Own Correspondent

MONTREAL.—Appointment of G. W. Webster and Joseph Chapman as trustees in bankruptcy for Minneapolis, St. Paul and Sault Ste. Marie Railway, has been approved by the Interstate Commerce Commission. Mr. Webster, who is president of the railway, is to receive no salary or compensation other than as trustee.

According to the ruling handed down by the Interstate Commerce Commission, Mr. Chapman will have to sell his holdings of stock in the Great Northern Railway and resign as director of that company prior to assuming the position of trustee. Furthermore, he is required to resign as trustee of Northwestern Mutual Life Insurance Co. and director of Northland Greyhound Co. Inc., of Illinois and Northland Greyhound Lines Inc.

Ownership of Bonds

Minneapolis, St. Paul and Sault Ste. Marie Railway has outstanding over $89 millions of bonds, of which $31.6 millions or 36% is held by a group of insurance companies. This group consists of Metropolitan Life Insurance Co., Massachusetts Mutual Life Insurance Co., Mutual Benefit Life Insurance Co., Mutual Life Insurance Co. of New York, New England Mutual Life Insurance Co., New York Life Insurance Co., Prudential Insurance Co. of America, State Mutual Life Insurance Co. and Northwestern Mutual Life Insurance Co.

Savings banks which are members of the National Association of Mutual Savings Banks own $11 millions of the railway's bonds.

International Power Operations Improve

From Our Own Correspondent

MONTREAL.—Operations of International Power Co. during the first few months of the current year continue to reflect the improvement experienced during 1937, H. J. Symington told the annual meeting of shareholders here.

In referring to the statement in the annual report that auditors of two or subsidiary companies included in their reports qualifications with regard to provisions for depreciation, Mr. Symington pointed out that these allowances were determined by the tax laws in the countries where the subsidiaries operate. He stated that depreciation allowance of the operating companies as a whole is high.

Shareholders were informed that sinking fund requirements on the company's debentures for the current year were provided for in 1937 by the purchase of debentures at favorable prices. During 1937 the company and its subsidiaries reduced funded debt in the hands of the public by $420,486. Of this amount, bonds and debentures of subsidiaries totalling $123,666 were redeemed through operation of the respective sinking funds, and the balance represents the bonds and debentures purchased and held for future sinking fund requirements.

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Construction

Color Work With Bricks

Modern Research Work Producing Ever Widening Range of Coloring

The increasing variation in the type, form, texture and coloring of brick has been one of the striking developments in construction progress in recent years. In the following article, condensed from a recent issue of the Ontario Research Foundation bulletin, these variations are outlined and the methods of attaining them described. It is also revealed that experiments are being conducted for production of grey bricks matching limestone in appearance.

Three processes are used in the modern manufacture of bricks, each of them presenting different possibilities in color and texture and in the choice of raw material.

This raw material in Ontario at least is clay and shale or a mixture of two. Shale is a clay which has been highly compressed by natural forces and resembles rock.

The three processes are known as soft-mud, stiff-mud and dry-press.

The soft-mud process, as its name implies, is simply a modern adaptation of the old method of filling sanded molds with soft clay.

In the stiff-mud process, a very stiff mixture is extruded through a die under pressure, to produce a column of rectangular cross section which is cut into bricks by wires.

By the dry-press process a comparatively dry mixture of ground clay and shale is compressed in steel molds to form bricks.

After the bricks are formed, they are dried when necessary, and then stacked or "set" in a kiln in which they are fired over a long period to temperatures ranging from 1800 to 1950 degrees Fahrenheit.

Impurities Make Color

Relatively pure clays fire to a pure white color, and it is the impurities, especially the iron compounds, in the brick clays and shales that are responsible for the colors produced. The iron compounds normally produce a red color, but if the lime which is present as an impurity is twice the iron content, the clay will burn to a buff color. A certain range of colors can be produced by selecting and blending clays and shales. However, this relatively simple procedure provides only a limited variety.

It was found that color could be changed by varying the final firing temperature, and that, with the early hand-mold, and the later soft-mud processes, different color effects could be obtained by molding with different sands. Rather surprising changes in color can be produced by the latter method, but the best effect is obtained with a sand that burns to the same color as the brick, and this is the method followed in producing the sand surface bricks generally used for colonial and Georgian houses.

Flashing for Color

Perhaps the brickmaker's most effective method for varying color is that known as "flashing." This consists in cutting off the supply of air to the kiln at its highest temperature, and producing what is known as a "reducing" condition in the kiln. Such periods may be alternated with "oxidizing" periods in which excess air is used. By flashing, a very much better red color can be produced with many clays and shales, and in addition, red-burning clays can be used to produce browns and blacks and buff-burning clays to produce greenish tints.

Another commonly used device is that of throwing certain chemicals in the kiln fires. These have the property of vaporizing and are carried into the kiln where they affect the color of the bricks. Thus, manganese compounds are used in making rich browns and blacks, and zinc compounds in making greens.

Methods have been developed for "veneering" one type of clay with another of a desired color, but these are not used widely. However, processes which involve the blowing of mixtures of sand and mineral pigments against a stiff-mud column by means of steam jets, have been successful, and various methods of spraying and coating bricks with ceramic mixtures are being studied in most ceramic laboratories in America. Thus, new color effects may be expected in the near future.

One very noticeable trend at present, associated to some extent with the modern style, is a general lightening of color. This has been obtained by means of stucco, by painting bricks, or by using very light buff bricks, and is a trend which is again confronting the brickmaker with a color problem.

Limestone Matching

Grey bricks which match Indiana limestone in color can be produced by the addition of manganese compounds to certain fireclays which normally fire to a very light color. Unfortunately southern Ontario possesses no clays of this character, and one is forced to resort to spraying and coating methods. It has been found possible to develop mixtures of stable oxides and fluxes which can be sprayed on bricks before firing, and which bond themselves to the bricks in the kiln to produce a desirable grey color. However, it is still necessary to obtain assurance that such coatings will last as long as the brick, and to find ways of making them economically with present plant equipment.

The first problem is particularly difficult since it is not a simple matter to reproduce in the laboratory the equivalent of many years of weathering.

The second problem, that of economic commercial production, requires close co-operation between laboratory and plant.

While a grey brick is the immediate objective of the research just described, the same technique can be used in producing a wide range of color and, since investigations of this kind are being made in nearly all ceramic laboratories, one can look forward with considerable confidence to a steady development of new colors and textures for brick.

Company Reports

Western Savings & Loan

Total assets of Western Savings & Loan Association, Winnipeg, Man., amounted to $1,602,251 at May 31, 1938, as compared with $1,462,662 at Dec. 31, 1937. Certificate liability at May, 1937, totalled $1,279,189.

Cash comprised $53,095 of the company's assets at May 31; bonds, securities and interest, $1,093,312; loans on certificates, $47,606; mortgages, $408,237 and real estate held by the company is carried at a nominal figure of $1, as well as furniture and equipment. No account is taken in the statement of overdue mortgage interest. The company has no defaulted bonds in its inventories at May 31.

Paid-up capital amounted to $221,486, and surplus and reserves $101,627.

Regulations of the Association provide that 110% of its liabilities must be maintained in securities, a provision with which the company has conformed by maintaining the ratio at from 125% to 130%.

The company operates under the direct supervision of the Municipal and Public Utility Board of the Province of Manitoba.

Rate of interest on installment certificates is 4½% annually and other certificates 4%.

Eastern Dairies

Eastern Dairies reports a moderate improvement in operations in the year ended March 31, 1938, but net loss after all charges was still in excess of $100,000. Operating profit increased from $267,295 to $317,605.

During the year there was an increase in the value of sales. This was obtained principally in the sale of fluid cream, ice cream, popsicles and similar products, and milk powder. The selling price of ice cream in some localities was on a more satisfactory basis than during the previous year.

The marked increase in the market value of butter, which occurred during the fall and winter months, was of benefit to the company. Butter which was purchased and manufactured during the summer months was disposed of at increased values. This higher price resulted in some decrease in consumption, but the net result was an improvement. Increase in the market value of butter also had the effect of increasing the cost of milk purchased for other purposes.

During the year working capital declined by about $100,000 to $377,886. Included under current assets are investment securities carried at a cost of $289,373. As at March 31, 1938, the estimated market value of these securities was approximately $174,098 less than the book value.

During the year the company purchased $78,000 of 6% collateral trust bonds. Of this amount, $63,000 was delivered to the trustee for cancellation in accordance with the terms of the trust deed. As at March 31, 1938, the company and its subsidiaries held 68,000 of these bonds. outstanding is 2,218,000.

Fixed assets are carried in the balance sheet at $7,546,349, an increase of $82,080 over the previous year.

Income and Surplus Account
Years Ended March 31

	1938	1937
	$	$
Oper. profit	317,605	267,295
Add: Disc. on bonds redeem.	24,863	6,818
Inc. from invests.	12,197	12,451
	354,665	286,564
Less: Exec. remun.	38,735	39,612
Legal fees	10,613	12,654
Directors' fees	1,820	2,460
Loss on securities	3,634	......
Exchange premium	1,820	1,749
Bond disc. w/o	12,514	10,454
Bond interest	167,158	170,712
Depreciation	218,444	225,918
Income taxes	1,492	2,146
Net loss	101,565	179,141
Add: Prev. deficit	178,360	*9,233
Adjustments	130	......
Less: Adjustments	......	8,442
Deficit forward	279,795	178,360

*Surplus.

Working Capital

	1938	1937
	$	$
Current assets	998,685	1,075,635
Current liabilities	620,799	598,117
Working capital	377,886	477,518

Investment Corp.

A net income of £11,438 is shown by the annual statement of Investment Corp. of Canada for the fiscal year ended April 30, 1938, as compared with £12,507 in the previous year. This is an English company with head office in London and is closely associated with Canadian interests. A number of Canadians are on the board of directors.

Dividends of 6¾% were paid on the £300,000 of cumulative preference stock, bringing payments up to Oct. 31, 1936.

Income tax recovered by the company of £7,872 during the year brought the surplus carried forward to £19,064, as against £15,306 in 1937.

Debenture stock to the amount of £11,589 was purchased and cancelled in the 1938 fiscal year and the discount on redemption of £116 applied against loss on realization of investments.

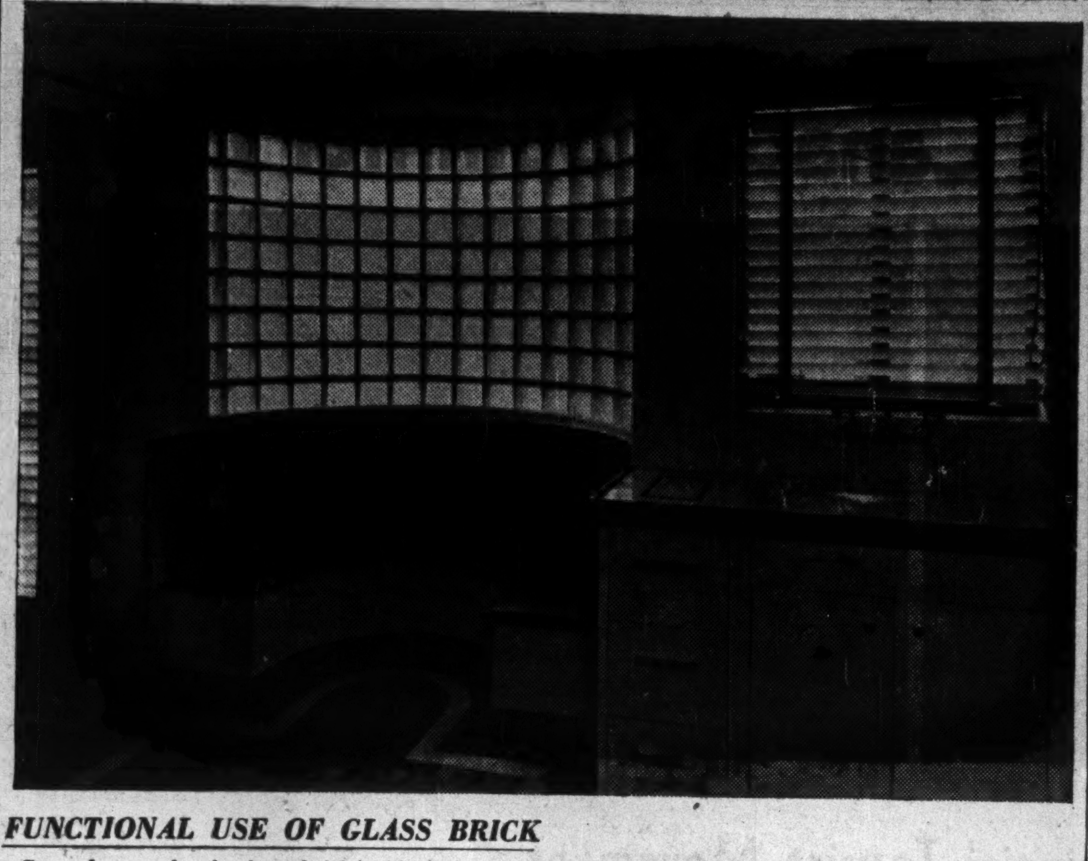
Total assets of £860,739 are shown in the 1938 balance sheet, composed of: Real estate, £16,561; common stock of subsidiary, Canadian Land Corp., £22,235; investments plus accrued interest, £685,061, and cash of £194, and other items. Net loss on realization of investments amounted to £135,976. Investments held at April 30, 1938, had a book value of £395,782, and £8,857 of securities are unquoted and included at directors' valuation.

Included in liabilities are: 4½% preference stock, £300,000; ordinary stock, £200,000; 4½% debenture stock, £193,195, and loans against securities of £144,393.

The company revenue account for the year is shown below:

Revenue Account
Years Ended Apr. 30

	1938	1937
	£	£
Gross income	31,350	34,789
Less: Sales	3,283	2,626
Canadian taxes	120	119
Directors' fees	600	600
Income tax	1,850	3,379
Exchange loss	340	15
Debenture interest	8,499	8,688
Loan interest	5,220	6,854
Net income	11,438	12,507
Add: Prev. bal.	15,306	33,680
Income tax rec.	7,873	......
Less: Pref. divds.	15,553	30,881
Balance forward	19,064	15,306



FUNCTIONAL USE OF GLASS BRICK

General appeal of glass brick rests largely on its combination of decorative and insulating values with increase of interior lighting. In the breakfast nook pictured above, these values are enhanced by a practical function of ensuring privacy for morning meals in informal attire.

Editorial

What is "Low Cost"?

The loose use of the phrase "low cost housing" and of estimates of how little dwellings can be built for has been given fresh impetus by the new housing legislation drafted at Ottawa.

Provision for mortgage loans up to 90% of cost for houses costing $2,500 or less indicates the Government's satisfaction that separate dwellings can be procured for such amounts, including the price of the lot. But there is no definition of the standard of construction, the size of structure, or the accommodation that the Government assumes can be provided for $2,500. There is no sliding scale set up to adjust a minimum standard of construction and accommodation to the variations in building costs in different parts of the country.

When the Government conducted its contest for "minimum cost house" design several months ago, minimum cost was stipulated at $3,000 except for houses to be built in British Columbia, in which case designs had to be based on a price of $2,500. But the cost-varying factors are wider in scope than easy, free access to lumber supplies in B. C. Influences that tend to raise costs in some regions, particularly urban districts, and hold them down in others, include restrictive municipal building by-laws, differences in building material prices, wages rates demanded by labor unions or provincial legislation.

• • •

The revisions of the Government's housing policy are aimed particularly at encouraging low rental multiple family housing in urban centres, and low cost single family dwelling construction in small, remote or rural centres. Nevertheless recognition of this and of the probability that reasonably decent houses could be built at $2,500 for small families in some localities, does not alter the fact that dwellings of similar specifications would cost $3,000 to $4,500 in other locations.

When the new housing plan was announced, architects, builders and others in Toronto, Montreal and other large centres promptly voiced doubt that a dwelling fit for family accommodation could be built for $2,500 or even $3,000, especially in view of urban building codes. Their view is supported by a recent revelation in The Ottawa Journal of the experience of an Ottawa citizen with one of the Government's cheap house designs. When working specifications were drafted, using the cheapest type of construction permitted under by-laws, the actual cost estimate of the supposedly $3,000 dwelling jumped to $4,600, after deducting $300 for a small garage added to the plan. Add to this $400 or $500 for a lot, legal and financing fees, and other extras, and the initial cost of the dwelling would have been edged up well above $5,000.

• • •

The Journal comments:

> "What the incident illustrates is the extreme difficulty of devising a housing scheme that will operate with reasonable uniformity in a country of such varying economic and climatic conditions. And it is clear that we must be cautious in speaking generally of low cost houses."

Underlying the whole problem is the lack of any successful effort to reduce to a real minimum the cost elements entering into house construction in any locality. There will always be cost variations between different regions and districts. But a curb on violent fluctuations in material prices, stabilization at reasonable levels of labor costs, and application to house building of modern methods of production efficiency, would go far toward bringing the cost of dwelling throughout the Dominion within hailing distance of the present low estimates.

Construction World

Hopeful Outlook

Confidence that 1938 building in Toronto would at least equal, if not exceed, the volume of last year, when permits issued had a value of $11.2 millions, was voiced recently by Buildings Commissioner K. S. Gillies, Toronto. Though the permit total to date this year is lagging about $400,000 behind the same period of last year, a spurt in apartment building in May carried the figure for that month above the level in May, 1937, and volume held up well during June.

• • •

Self-liquidating?

Various applications have already been received by Dominion authorities for low interest loans under the Ottawa plan to aid financially self-liquidating municipal utilities and other works. Among the projects proposed is the $700,000 water main extension across False Creek at Vancouver, toward which the Government has been asked to lend $100,000; and $25,000-$40,000 water reservoir at Burlington, Ont. North Bay authorities are reportedly considering plans to get a loan for a sewage disposal plant, which could hardly be classed as a revenue producer.

• • •

Building Vibration

Progress made in recent years in determining in advance the extent of the vibration to which a new building will be subjected, and devising methods for limiting its effects, is reported in a recent issue of Engineering & Contract Record. The report emphasizes that building vibration springs not only from operation of machinery, but from heavy traffic on adjacent streets, faulty subsoil and foundations, and inadequate construction. Firm, dry gravel is classed as "the best building soil for minimizing of effects of vibration," but also dealt with are such insulating materials as cork, compressed cork, felt, asbestos and rubber.

U. S. Building Lags

Total of building permits issued in 215 U. S. cities during May, as reported by Dun & Bradstreet, showed a drop of 21% below May, 1937, and left cumulative total for the first five months of the year 10.5% behind the same period last year. The five-months figures was up 25% in New York on account of the spurt in January, but was 21% down in the other 214 cities. The extent of the decrease in May of this year was not quite as great as in February, March and April, the Dun & Bradstreet bulletin notes.

New Building

Department of Public Works, Ottawa, is receiving tenders to July 15 for construction of central post office building in downtown Ottawa, estimated cost of which is set at $1 million.

Carnation Co., Milwaukee and Toronto, plans erection of $220,000 evaporated milk factory at Sherbrooke, Que., in the fall.

Spence & Mathias, Montreal architects, have drafted plans for 12-story mercantile loft building on Mayor St. for consideration of unnamed prospective owner.

Sub-Trades Ltd., Montreal, is obtaining quotations in connection with proposed erection of 136-suite, five-story apartment building in north end of the city.

(Projects reported by Engineering & Contract Record:

T. Eaton Western Co., Edmonton, have ordered plans drawn for $800,000 store there.

Bank of Nova Scotia is having plans drawn for $100,000 bank building at New Westminster, B.C.

Northern Wood Preservers Ltd., Port Arthur, Ont., plans creosoting plant costing about $150,000 at Prince Albert, Sask.

Murray's Lunch Ltd. has launched work of wrecking buildings on site at 770 Yonge Street, Toronto, and erection of $50,000 restaurant building.

Canadian Broadcasting Corp. plans early start on construction of $250,000 radio station development on Coles Island, N.B.

Department of Public Works, Ottawa, is preparing to call for tenders shortly for $500,000 post office building in downtown Ottawa.

Reilly Hardware & Supply Co., Rouyn, Que., have initiated work on $120,000 store and apartment building.

International Business Machines Co. is making progress with extensive programme of alterations to office building at 36 King Street East, Toronto.

Mutual Life Assurance Co. of Canada, Waterloo, Ont., has let contract for $250,000 addition to its office building.

Ontario Paper Co. has awarded contract to A. W. Robertson Ltd., Toronto, for construction at Heron Bay, Ont., in the Thunder Bay district, of facilities required in connection with plant to be erected in this area. The project will entail outlay of $500,000, and calls for dam, power transmission lines, residences, offices, sewers and watermains, and hospital.

Split Is Likely In Committee Probing Hydro

Minority Report Expected to Stress Government Control Evidence

Conclusions reached by Ontario legislators on the affairs of the Ontario Hydro Commission, as a result of their committee enquiry in recent weeks, are not likely to be revealed until the fall.

The committee, strictly speaking, is bound to report its findings to the legislature which authorized it. The committee could, however, draft a report and release it through the Government before the session of the legislature scheduled for January. In any event committee members are now either away on holiday or attempting to catch up with their business and it will probably be September or later before the report is compiled.

The committee was appointed by the legislature as a result of charges by Hon. Leopold Macaulay, Conservative House leader that the Government had broadcast an election theme of "no truck nor trade with the power barons" while they were negotiating new contracts, at least with Beauharnois. Evidence at the probe, however, bore less on this than on the internal manoeuvring of hydro officials, differences of opinion on policy and overriding control exercised by the Government. Liberal and Conservative members alike agreed there was no indication of graft or wrongdoing.

It is probable that the report will deal largely with policy, management and Government control and dismiss as unproved the allegations in regard to renewal of Quebec power purchases.

Minority Report Seen

It is likely Mr. Macaulay and other Conservatives on the committee may file a dissenting minority report. Some material brought out, it seems probable, will be seized on by the Opposition as evidence of undue Government control of Hydro management and political manipulation of policy.

A. Murray McCrimmon, for example, former secretary-comptroller of Hydro, told of the appearance of emissaries of Ottawa Valley Power Co. at Hydro offices to open negotiations for a new contract. On their arrival, it was testified, Hydro Chairman Stewart Lyon (since dismissed) professed he had no knowledge of arrangements for a new contract, and declined to see them without written instructions from the Government.

Instructions were forthcoming, as the decision to take power from Ottawa Valley again resulted from warning of power shortage given to Premier Hepburn by Dr. T. H. Hogg, then Hydro chief engineer and now chairman. This was at the suggestion of Provincial Secretary Nixon while Premier Hepburn was in Arizona, and was done without consulting or advising Mr. Lyon.

Ignoring and eventual retiring of Mr. Lyon were justified by Mr. Hepburn on the ground that Mr. Lyon showed "colossal financial stupidity," especially in undertaking sale of Ontario bonds held by Hydro and payable in Canadian, United States or sterling funds. The Government blocked the sale of the bonds at the last minute, disapproving the three-way basis of payment. It was because of such differences on policy and management that Mr. Lyon was retired, said Mr. Hepburn, and not because of Mr. Lyon's opposition to renewed power purchases

Fear of Court Ruling

The Premier said that he had been influenced in his reversal of policy partly by Dr. Hogg's power shortage warnings, but principally by Attorney-General Conant's fears that the Government would lose its pending appeal to the Privy Council on the judgment upholding the cancelled Beauharnois contract. The Attorney-General had voiced doubts as to the soundness of the cancellation legislation.

Dr. Hogg's testimony was featured by revelation that Gatineau Power Co. had objected when Hydro proposed to make new contracts with the other power companies, and insisted that Hydro carry out its obligation under the short-term interim contract to take all Gatineau reserve power before buying elsewhere. Dr. Hogg warned Gatineau that Hydro might discontinue power purchases from this company after the short-term contract expired.

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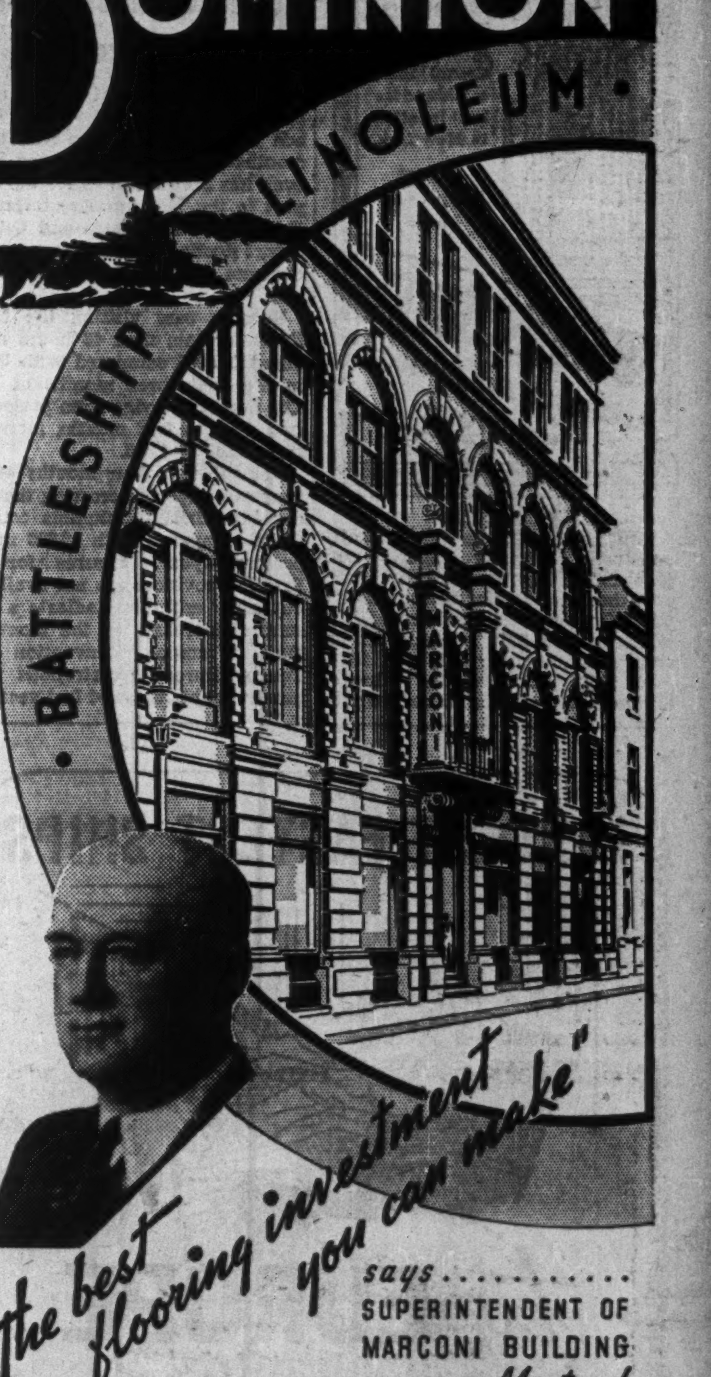
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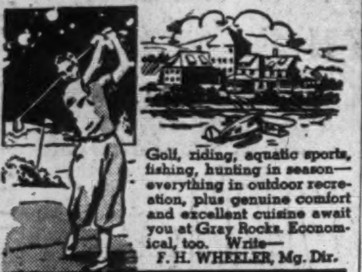

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Leipzig Fair

The Leipzig Trade Fair recently concluded officially reports new records for the number of exhibits, attendance and sales unequalled in the 700 years of its existence. The sales totalled $217 millions an increase of 10% over 1937 and 262% over 1933. Goods to the value of $70 millions were sold for export.

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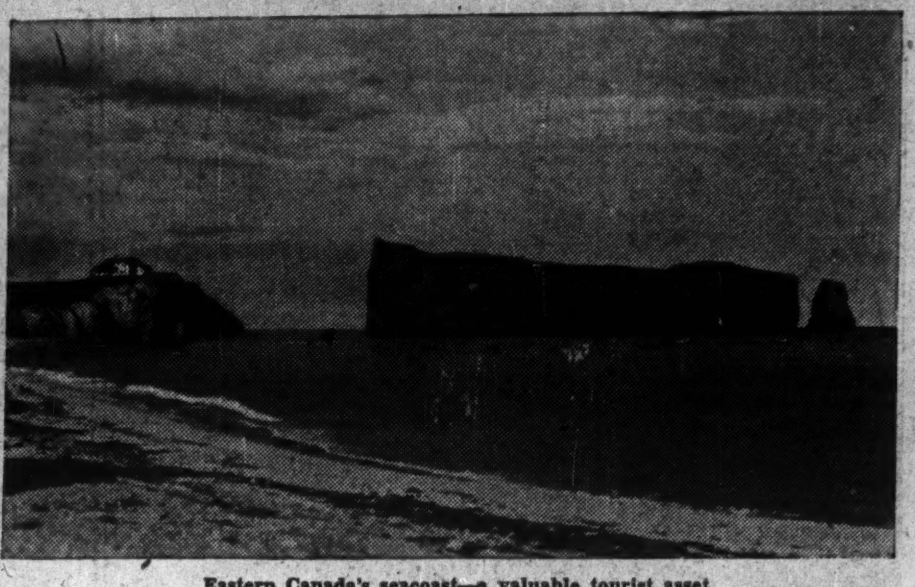


Eastern Canada's seacoast—a valuable tourist asset.

Interprovincial Tourist Movement Holds New Opportunity for Industry

Canadians in 1937 spent $124 millions in travelling outside Canada. In other words, Canadian expenditure in foreign countries was approximately $11.17 per capita of the Dominion's population.

There is little doubt that a good part of this money which went to swell foreign tourist revenues had its indirect benefit to Canada. It may have been responsible in no small way for the return revenue from incoming tourists which in the same year reached a seven-year peak of $295 millions. Canadians travelling in the United States and overseas countries are the best possible tourist propagandists, but their value in this capacity is dependent on their knowledge of the country they represent.

How much of the $124 millions was spent by residents of eastern Canada who take a yearly holiday in Florida, Bermuda or Nassau but have never seen Vancouver?

How many British Columbians can talk of the delights of California but know nothing of the Great Lakes, the Ontario highlands, Quebec or the coast provinces of the East?

Areas Well Distributed

Nature has been kind to Canada. Draw a circle with a 200-mile radius around any principal city in the Dominion and it will include at least a dozen first-rank vacation districts varying from mountain land to lake district or seaside resort.

This very wealth of playground areas may be responsible to some extent for the preponderance of another class of holiday planner whose eye never reaches beyond this 200-mile radius. Money is, of course, the chief factor. On the face of it the holiday of two weeks or a month spent at a summer resort 100 miles from the city seems within the purse of the average businessman, where the holiday trip to the coast is prohibitive. But travel costs figured out on a daily basis can give some amazing results. The two-day trip from Toronto to Montreal on this basis is a costly item. The run from Winnipeg to Toronto and back squeezed into five days makes a big hole in the budget. But extend either of these trips over a longer period and the daily cost is reduced to a reasonable level.

Excluding the tourist camper and the owner of a summer home the average Canadian, it is estimated, spends about $10 a day on his annual holiday. Summer hotel rates from the Maritimes to the Pacific coast vary comparatively little for the same type of accommodation. Assuming that the traveller has a 200-mile train journey and is spending two weeks at a first-class hotel, the minimum cost of his holiday will be approximately $9.50 a day, not including fishing equipment, golf fees or other incidentals. If he extends this holiday to one month the reduction is comparatively small, as the main item of cost is the weekly rate for accommodation.

Compare with these figures a few rough approximations of his costs on longer trips. If he lives in Toronto and wants to take a trip to the coast, spending two weeks exclusive of train time, it will cost him about $11.80 a day. If he can take a month for the trip the cost will drop to something less than $10 a day. These estimates are made on the basis of first-class railway fare and the best hotel accommodation. On a tourist ticket the trip can be made for slightly more than $7 a day.

From Winnipeg to the coast will cost approximately $9 a day for the two-week period and slightly less than $6 for the month.

For the westerner or the resident of central Canada, trips to the Maritime Provinces can be made at an even smaller daily cost due to slightly lower hotel rates and the possibility of doing a good part of the journey by water.

Recent years have seen an encouraging increase in the amount of interprovincial travel in Canada. A senate committee investigating the tourist traffic in 1934 drew attention to this increase as a factor in the tourist picture. Money spent by Canadians in Canada was referred to at that time as a stabilizing factor in Canadian industry. From the travellers point of view the benefits are obvious. Every province has its distinct offering to make to the tourist.

Capitalizing on History

The oldest of the Canadian provinces, the Maritime group has made rapid strides in the last few years in capitalizing on its historic associations. Not even the city of Quebec can provide the same wealth of early Canadian history. For a century and a half the struggle between French and English for possession of Canada had its centre in Nova Scotia. Louisburg, recently completed as the newest comer to Canada's growing list of national parks, vividly tells the story of this struggle. St. Ann's, Annapolis Royal and Halifax, are all rich in historic sites. Cape Breton is a fertile field of exploration dating even farther back into history. Its old Spanish and Portuguese settlements and abandoned trading posts are still unknown to the average Canadian tourist.

New Brunswick, within two days by motor from Toronto and one day from Montreal is making a vigorous bid for the Canadian tourist. Its 600 miles of sea coast offer variety in seaside resorts from the fashionable St. Andrews-by-the-Sea to small fishing villages where old inns and cottages take care of the summer tourist influx. Both Nova Scotia and New Brunswick have campaigns under way to standardize tourist accommodation in the smaller hotels and inns. One feature of the campaign was the recent course sponsored by the Nova Scotia Government to the small operator on how to build and run a tourist resort.

Canada's Smallest Province

Across the Straits of Northumberland lies Canada's smallest province. Prince Edward Island in pre-war days kept to itself. For years after automobiles became a major factor in travel, cars were prohibited on the island. Today good highways are being developed, while ferry services make it easily accessible from the mainland. Prince Edward Island's sea coast can offer something a little different from its sister provinces. A good section of it is the red sandstone and red sand beach found along sections of the Gulf coast line. Prince Edward Island's tourist industry, still in its infancy, is making rapid strides.

French Canada

To the summer tourist the Province of Quebec offers French Canada as Exhibit A. With the traditions of 300 years behind him the Quebec Frenchman carries on the customs of his forebears. His influence predominates in the old city of Quebec and lends to Montreal an atmosphere to be found nowhere else in the Dominion. When the tourist leaves these two main cities of the province he finds a rural life where the French farmer is tilling the soil worked by his grandfather and his great-grandfather, and living the same life.

But French Canada is only one ace among the numerous drawing cards which Quebec can hold out to tourists. Another is the six-day St. Lawrence and Saguenay cruise from Montreal which touches at Murray Bay and its Manoir Richelieu, Quebec City and Tadoussac, and provides access to the Lake St. John district, now one of the major centres of Canada's pulp and paper industry.

Ontario's Bid

A recent booklet on Ontario's tourist industry has selected 26 districts which should be seen by visitors to the province. These include, of course, the Rideau Lakes, the Ottawa Valley, the Thousand Islands, Muskoka and Georgian Bay, the Kawartha Lakes, and the two provincial reserves, Algonquin Park and Timagami. All these are within a day's run from Toronto or Ottawa. They are holiday playgrounds with all the facilities of summer sport available. The list, however, is far from complete. It ignores the fact that the newcomer to the province may also be after information to add to his store of travel lore.

Ontario until recently has pushed its history into the background in its bid for the tourists. The value of the Canadian-American border is only beginning to be realized. Today the Niagara Parks Commission at Niagara Falls is developing its wealth of historic interest into a dividend-paying proposition. This summer the city of Kingston will open the rebuilt ruins of Fort Henry, originally a border fortress of the early years of the last century. As a contrast between the new and the old the opening of the fort and the Kingston Centenary celebration will coincide with the ceremonies, 21 miles to the east, which will mark the opening of the new Thousand Islands Bridge between Canada and the United States.

Prairie Playgrounds

To the easterner who has not taken the time-honored advice to go west, the three Prairie Provinces present a picture of one vast stretch of flat land extending from the Rockies to the Great Lakes. He knows better, of course. He has probably heard of the Whiteshell Forest Reserve, 100 miles east of Winnipeg. He knows something of the chain of lakes west of Winnipeg and extending over the border of Saskatchewan and he has heard of water power developments. But his picture of the Prairie Provinces persists through it all until he decides to make the trip for himself.

Prairie Provinces

For the development of their tourist industry Manitoba, Saskatchewan and Alberta must give a large measure of credit to the Dominion Government. Six national parks have been established in the three provinces About 100 miles from the international border in Manitoba is Riding Mountain, an area of 1,148 square miles covering a plateau 2,200 feet above sea level. In Saskatchewan, Prince Albert National boasts fishing unexcelled anywhere in Canada.

The Canadian Rockies

Banff with its 2,585 square miles and Jasper with its 4,200 square miles need little introduction even to the easterner who has stuck to the East. The main lines of the two Canadian railways have popularized these two Rocky Mountain resorts. Within a year the big bend section of the Trans-Canada Highway, a stretch of road 140 miles long, will be completed. The highway links the two famous national parks and will bring another boom in tourist traffic to the Rockies.

British Columbia

British Columbia, cut off from the rest of Canada by the Rockies, has been endowed within its borders with everything on which to build a tourist trade. The Pacific slope of the Rockies presents the greatest area of big timber and bushland in the Dominion. Its coast line, broken by thousands of inlets and islands, gives opportunity for summer resorts offering boating and fishing facilities. Its rivers are meccas for the salmon fisherman. The famous Cariboo Trail, leading into British Columbia's rich gold area, is now a popular tourist highway.

Vancouver, the commercial centre of the coast province, is also a tourist centre. It has more modern hotels than any other city of its size in the Dominion. Victoria, the capital, has been popularizing, with a good deal of success, its unique position as Canada's evergreen playground. It has a population of 40,000.

Stephen Leacock recently wrote that if Vancouver Island could be towed around the coast and placed in the St. Lawrence, it would soon have enough population to sink it. Which brings us back to the problem of distances. Canada's position will always encourage the north-south movement of tourist traffic both summer and winter. But the east-west movement is gradually gaining ground. It will probably take a new spurt when the Trans-Canada Highway is complete and the Trans-Canada Airways finally comes into operation. Already, however, a study of railway statistics shows a consistent if slow uptrend in interprovincial tourist traffic. The "See Canada First" school has many followers.

Tourist Season Gets A Good Start

An increase of 10% in the number of American cars visiting Canada is indicated for the first three months of 1938. This increase, however, has been confined for the most part to the Maritimes and western Canada. Both Ontario and Quebec report declines in American tourist business for the early part of the year.

Foreign cars visiting the Maritimes for less than 48 hours numbered 107,000 compared with 89,000 in the first three months of 1937. The number staying from periods of two days to two months increased from 1,306 to 1,543.

For the first four months of the year cars reported crossing the border into British Columbia totalled 23,706 compared with 18,696 in the previous year. Figures for the Prairie Provinces are not available, but early estimates indicate a substantial increase. In the month of May, Winnipeg Convention and Tourist Bureau registrations were nearly double those of last year.

Canada's National Parks

New Peak of Popularity Reached as Registrations Touch 1 Million

Visitors to Canada's 20 National Parks in 1937 passed the one million mark for the first time.

Figures recently released by the Department of Mines and Resources showed registrations for the period April 1, 1937, to March 31, 1938, at 1,008,690. This compares with a total registration for the previous year of 908,161—an increase of 100,529 or 11%.

Motor tourist accounted for 96% of the total or 974,059, while rail traffic is estimated at 34,631.

Riding Park in Alberta, one of the newer comers to the national park ranks, reached a new high mark with 117,253 visitors, while an increase was also reported at Prince Albert Park in Saskatchewan.

In Ontario, Point Pelee National Park, near Windsor, led Canada with a registration of 296,338.

In the Maritime Provinces, where the National Park development dates back only over a short period of time, traffic showed an increase. Cape Breton Highlands reported over 20,000 registrations and Prince Edward Island National Park, 2,500. There is no estimate yet of traffic at Louisburg National Park in Nova Scotia.

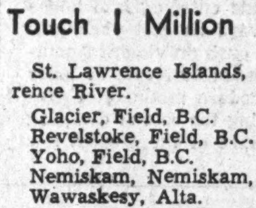
Cover Eight Provinces

The National Parks system now covers eight of the nine provinces. The parks have a total area of 12,525 square miles. In some cases as in Nova Scotia they have been set apart chiefly for the preservation and development of Canada's historic sites. The western parks, the largest of which is Jasper, range from 1,000 to 4,000 square miles, reserves in which wild life as well as scenery is preserved intact.

The work of the National Parks Commission has been described as preservation and development of raw material of the tourist industry, but its activities have been extended to take in a good deal of the manufacturing activity. Hotels have been built under its supervision, tourist camps arranged, highway developed and an organized campaign of tourist propaganda carried on. Total expenditures of the department exceed $20 millions annually.

The parks and their locations are as follows:

Banff, Banff, Alta.
Buffalo, Wainwright, Alta.
Elk Island, Lamont, Alta.
Fort Anne, Annapolis Royal, N.S.
Fort Beausejour, Aulac, N.B.
Georgian Bay Islands, Georgian Bay, Ont.
St. Lawrence Islands, St. Lawrence River.
Glacier, Field, B.C.
Revelstoke, Field, B.C.
Yoho, Field, B.C.
Nemiskam, Nemiskam, Alta.
Wawaskesy, Alta.
Jasper, Jasper, Alta.
Point Pelee, Leamington, Ont.
Prince Albert, Prince Albert, Sask.
Prince Edward Island, P.E.I.
Riding Mountain, Wasagaming, Man.
Waterton Lakes, Waterton Park, Alta.
Louisbury Park, Louisbury, N.S.



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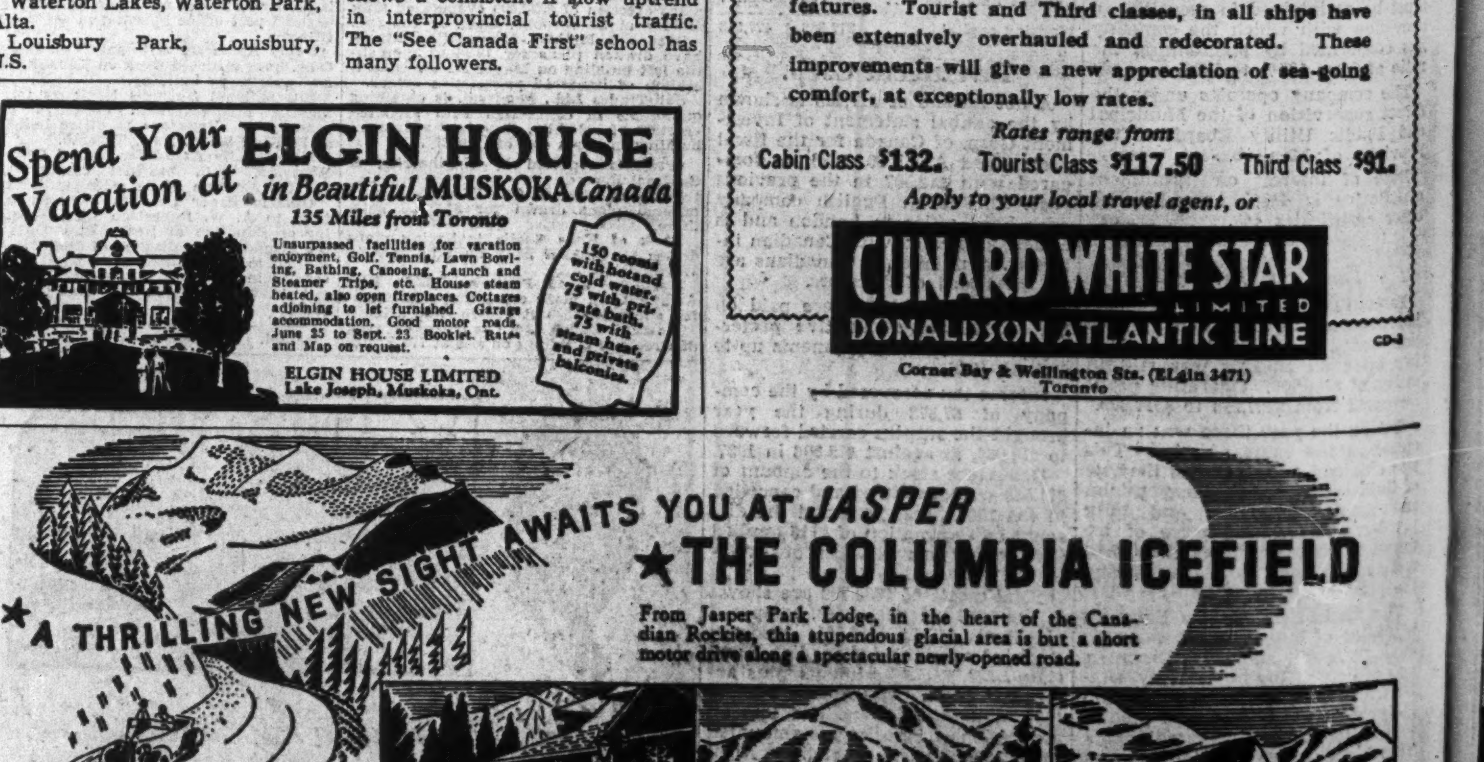

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Canada's Aircraft Hopes

Industry Takes Stock of Possibilities Behind British Study of War Plane Field

By GUY S. CUNLIFFE
Staff Writer, The Financial Post

Major share of industrial and public interest in potential function of Canada as source of war implements, has been focused in recent weeks on the Dominion's evolving aircraft industry.

Widespread is conjecture, stirred by extensive newspaper publicity and colorful gossip, as to exactly what concrete results will emerge from reports of large orders in the offing for military aircraft for Canadian plants. Estimates are current of the benefit to the industry of such orders.

Parliamentary discussion in London, revelation of official activity, and the recent visit of the British Air Mission to Canada, leave little doubt that British authorities have given positive approval to the suitability of Canada as a source of war materials in event of conflict. Should such a policy be definitely adopted, long term expansion development of Canadian industrial facilities would be necessary.

Rearmament Orders

What has aroused the hope of industrialists is the persistent report that this development would not be supported solely by commitments to purchase in the indefinite event of war. Dangled before Canadian industry and public is prospect that substantial orders for war equipment may be given Canadian firms, both to test and to make feasible creation of war industries in this country. Such orders would, of course, also assist Britain to carry out her rearmament programme during the next few years.

Thus far the probing of possibilities along this line has crystallized in only four British contracts—including shells from a Hamilton steel firm and machine guns from a Toronto plant. By all indications, hope of future orders for other equipment centres in large measure on Canada's willingness to become the "Arsenal of Empire" rather than merely the locale of "shadow plants" such as the two already mentioned.

Situation Nebulous

On the one hand, reports from responsible sources conjure up the possibility of British aircraft buying in Canada to an extent dwarfing the arms contracts so far awarded. Such orders would keep Canadian aircraft plants busy over a period of years and give tremendous impetus to an industry still going through a difficult evolutionary period.

On the other hand, there has been an entire absence to date of any definite assurance that these orders would materialize at all or in the volume suggested. It may be some weeks, possibly months, before any policy is laid down, and even if the reported plan is consummated, it would take some time before the Canadian industry could begin actual production and delivery of the first machines. In the meantime, the industry is beset with a variety of problems that not even British war plane orders would entirely solve.

As with the commercial air transport industry, efforts to establish airplane manufacture on a stable and remunerative basis in this country have proved a patience-trying process. Less than 15 years old, commercial aircraft production in the Dominion has yet to find a source of long-range, profitable stability.

The much ballyhooed prospect of British fighting 'plane orders, running into comparatively staggering figures, will not necessarily provide an answer to the long-term problems of the industry. Even if orders materialize, the consequent impetus would stand in risk of being withdrawn by change or modification of British armament policy.

Payroll of 1,000

Even today, with Canadian defense orders being fed out to it, though in cautious dribbles, the industry embraces about a dozen plants turning out complete planes and gives employment to between 1,000 and 1,500 workers. Complete statistics on results of last year's operations are not available, but it is estimated that production did not much exceed $3 millions—a modest volume in comparison with many other Canadian industries.

This figure, however, marks a noteworthy spurt over previous years. Gross value of production, including parts, accessories and reconditioning work, climbed from less than half a million dollars in 1934 to slightly under $1 million in 1935 and approximately $1.6 million in 1936.

The significant and underlying problem of the industry is that despite these expansions in volume of operations there was no accompanying spread in profits. In most cases the actual amount of net profit has been negligible in the past two years, and in cases where the amount was more impressive it presented a profit percentage of limited proportions in relation to capital investment.

The Dominion Bureau of Statistics' report on 1936 operations (the latest available) indicates a primary profit of 13% after allowance for costs of labor, fuel and electricity, and materials used. From this margin there still had to be deducted unlisted amounts for carrying charges on buildings and equipment, expansion of facilities to cope with new orders, taxes, depreciation and other drains on earnings.

Profits Are Small

Of the three major companies engaged exclusively in aircraft production, and on which later data is available because of public investment interest, Fairchild Aircraft Ltd. reported a net loss on 1936 operations and "unsatisfactory results" last year. For 1937, deHavilland Aircraft of Canada Ltd. and Fleet Aircraft of Canada reported net profits of only $4,000 and $2,400 respectively. Other aircraft production units are either operated as divisions of large firms in the heavy steel transport equipment industry, with no separate breakdown of aircraft manufacture results, or are privately controlled enterprises operated in association with U. S. aircraft companies. In this group, indications are that profits generally are satisfactory but far from lavish, particularly in relation to investment in production facilities, materials and payrolls, and in consideration of the time effort and care required for aircraft production.

Airplane manufacture is a meticulous building up process, dependent largely on skilled manual craftsmanship.

In regard to all companies, it must be kept in mind that even profits on actual orders from the Canadian Government and the possible ones from England are and will be limited to a stipulated margin (understood to be 10%) over assessed production cost. It is highly improbable, of course, that residual profit will be anywhere near 10%.

Limitation and absence of profit springs largely from the basic difficulties which are still functioning to keep the industry in a state of flux.

Factors in Picture

Some of the chief factors affecting the industry are:

1. The demand in Canada for aircraft for commercial transport, training and private purposes is comparatively undeveloped and likely to be slow in growth. Recently, demand has been curtailed by difficulties of transport operating companies and many second-hand planes are on the market.

2. This domestic market for civil craft necessarily must be supplemented by production for export and for defense purposes (Canadian and British), with potentialities in both fields contingent largely on the fluctuating influence of "wars and rumors of wars." Furthermore, Col. George Drew is still protesting that planes being bought for the R.C.A.F. are inadequate in number and of outmoded types.

3. In all three markets, (domestic civil, Canadian-British defense, and export) the industry must buck powerful competitive influences. These include heavy imports into Canada of both completed planes and component units, invasion during the past two years of an already overcrowded industry by new firms counting on domestic and export military orders. Imports of aircraft and parts last year, excluding engines, etc., was $1.4 million—nearly half the estimated domestic production.

4. Productive capacity is greater than is required to cope with existing demand, but to satisfy any large-scale orders for British or Canadian war 'planes considerable outlay for expansion of facilities would be necessary.

5. Demands for special types of 'planes adapted to flying conditions peculiar to Canada, especially in northern mining areas, and the consequent burden of expense for research and experimental development of new 'planes.

Operating Problems

In addition there are special operating problems peculiar to the industry and arising out of the nature of its product and methods. One of these is that the economies and efficiency of high-speed assembly line production are beyond the reach of the industry, partly because of the limited volume of production in this country, but chiefly because of the manner in which a 'plane must be built. The rigid requirements of safety are enforced by piece-by-piece inspection of machines, often productive of costly delays.

Another problem is the necessity of improving many of the materials, parts and other components—highly specialized in both nature and quality—which go into the making of an airplane. Some progress has been made in recent years in extending the ability of aircraft plants to obtain production materials in Canada, especially in regard to forgings, steel struts and angle fittings for the fuselage, and similar parts.

The industry, however, is still under necessity of turning to the costlier and slower method of importation for supplies of linen and metal covering material for wings and bodies, high-grade steel tubing for frameworks, special forgings, and either engines complete or virtually all units of engines for assembly here.

Girls are employed in aircraft plants for some of the more delicate finishing touches, such as fabric stitching, taping of seams, doping and painting.

Such materials as Sitka spruce from B.C. for framework of body and wings, radio instruments, varnishes and paints, and the cellulose "dope" with which fabric coverings are rendered taut, tough and impervious to stress and wear, are available in Canada. Metal for all-metal machines is mostly imported, but to considerable degree is shaped in Canadian aircraft plants, almost entirely by hand craftmanship.

Skilled Labor

The important part played by skilled hand labor and high-test materials, of course, add to the cost problem of aircraft production and compel prices for machines which render the market comparatively limited. There is also the question of training workers needed for the very specialized tasks involved, though so far this has not proved a serious matter. With the zealous interest in aviation displayed by a growing number of young Canadians, and with technical schools and universities beginning to give courses in aircraft technique, the industry has a reasonably adequate source of potential aircraft artisans.

The availability of trained labor and essential materials may become of greater import, however, should orders materialize in any volume from Great Britain or the Canadian Government. Particularly if there was a requirement for fairly rapid delivery of machines ordered, the industry might find some difficulty in mobilizing a sufficient number of even partly trained mechanics to go into early production. Similar difficulty might be encountered in regard to obtaining materials and parts from foreign sources, and it would certainly take the industry some time to get organized and expand its facilities to cope with such orders.

War Organization

While such difficulties exist, records of war implement production in Canada during the last war indicate that they are not insuperable. During the 1916-18 period, the big Toronto plant of Canadian Aeroplanes Ltd. turned out the prodigious volume of 2,900 training and fighting 'planes in 21 months. Operators of the plant were able to mobilize over 2,400 skilled workers, and at peak of activities produced 340 'planes in a month.

Final adjustments being made on the body of a plane before it leaves the de Havilland plant near Toronto, one of Canada's 11 aircraft factories.

Many of these machines were, of course, the comparatively small, slow, training 'planes used in war days, but just before the Armistice shut down its operations the plant had turned to building of fairly large flying boats for war purposes.

Whether such orders will be forthcoming and how extensive they will be remains a matter of conjecture. But reports persist in informed quarters that the tentative proposal that brought the British Air Mission to Canada recently, called for starting large-scale production of 'planes in Canadian plants within the next year or two, and outlay of from $75 millions to $100 millions annually. The purpose of such orders would be partly to accelerate expansion of Britain's air force, but mainly to encourage and justify economically the expansion of Canada's aircraft production facilities into a source in event of war of even larger quantities of war 'planes.

U. S. Neutrality Laws

According to most sources of reports about the plan, an important consideration is the U. S. neutrality law, which would shut off shipments of 'planes from that country if Britain were at war. This is somewhat discounted by the recent official announcement of a British order totalling $25 millions for 400 'planes to be produced by two U. S. firms. At the same time, the violent protest that arose in some quarters in England against purchase of the American 'planes, and the general approval given to the development of Canada as a war materials source, may be factors favorable to eventual adoption of the Canadian plan.

One leading aviation authority in Great Britain—C. G. Grey, editor of "The Aeroplane"—is particularly confident that Canada will be developed as a military aircraft source. In a comment published in the June (tenth anniversary) number of Canadian Aviation, he says:

> "All the fuss . . . about buying airplanes in the United States for the Royal Air Force must at any rate have one definite effect, namely the establishment in Canada of aircraft factories to supply the Royal Air Force in England and the rest of the Empire. As I write these lines, I know that some of the biggest aircraft constructors in this country are negotiating in Canada with various firms, some already making aircraft and some of them engineering firms, with the idea of establishing branch factories in Canada which will build airplanes to our own British design and either ship them or fly them over here in case of war."

No British Orders

So far, there is no apparent connection between the possibility investigated by the British Air Ministry and the negotiations referred to by Mr. Grey between British and Canadian aircraft producers. It may be assumed that the negotiations referred to were related, in part at least, to the announced contracts to the National Steel Car Corp., Boeing Aircraft of Canada Ltd., and Fairchild Aircraft Ltd. for English-type military aircraft. But it should be noted that in all three cases the 'planes are to be built for the Canadian Government, and that so far British firms have not included any for aircraft.

There may be some significance in the fact that though the National Steel Car Corp. is spending half a million dollars to erect an aircraft plant near Toronto, the company thus far has been officially designated as recipient of orders for only 24 'planes. As little information about future contracts has been available from the company, it might be conjectured that it is making this outlay for a plant because it has reason to expect future British orders for aircraft.

Whether the building of the plant is justified by such anticipation, by hope of further Canadian Government orders, or by plans to develop a general domestic and export business, the entry of the company into aircraft production has intensified the competition and current over-capacity of the industry. The Dominion Bureau of Statistics' report on the industry for 1936 listed six firms engaged exclusively in production of aircraft, and two heavy-steel equipment concerns with aircraft divisions. Now there are seven aircraft firms and four steel equipment firms producing 'planes.

Aircraft Group

In the strictly aircraft group are:

Fairchild Aircraft Ltd., Longeuil, Que., Canadian company producing Fairchild cabin 'planes for domestic and export sale; holds manufacturing rights for "Lockheed Electra" machines and selling rights for other Lockheed types; now working on three-year production programme to supply bombing-reconnaissance 'planes for Royal Canadian Air Force.

The deHavilland Aircraft of Canada Ltd., plant near Toronto, Canadian concern, (formed 1929) in which parent English company retains controlling interest; produces machines for civil and military training, cabin 'planes for transport or private use.

Fleet Aircraft Ltd., Fort Erie, Ont., Canadian company associated through arrangements for manufacturing and selling rights with Consolidated Aircraft Corp. in the United States; produces "Fleet" machines for transport and export purposes, and "Waco" 'planes for training and private use.

Boeing Aircraft of Canada, Ltd., Vancouver, Canadian branch unit of large American aircraft producer, now engaged in producing over 20 torpedo bombers for Canadian Government.

Noorduyn Aircraft Ltd., St. Laurent, Que., Canadian company formed in 1935 for production of machines specially designed for transport service in mining areas and similar operations in other countries; has produced training 'planes for R.C.A.F.

Cub Aircraft Ltd., Hamilton, Ont., Canadian company associated with Piper Aircraft Corp. in the United States; specializes in production of small, low-price (below $2,000) 'planes for training, flying clubs and private use.

(Miller-Bellanca Aircraft Corp., Montreal selling agency, is reportedly considering establishment of production plant later this year.)

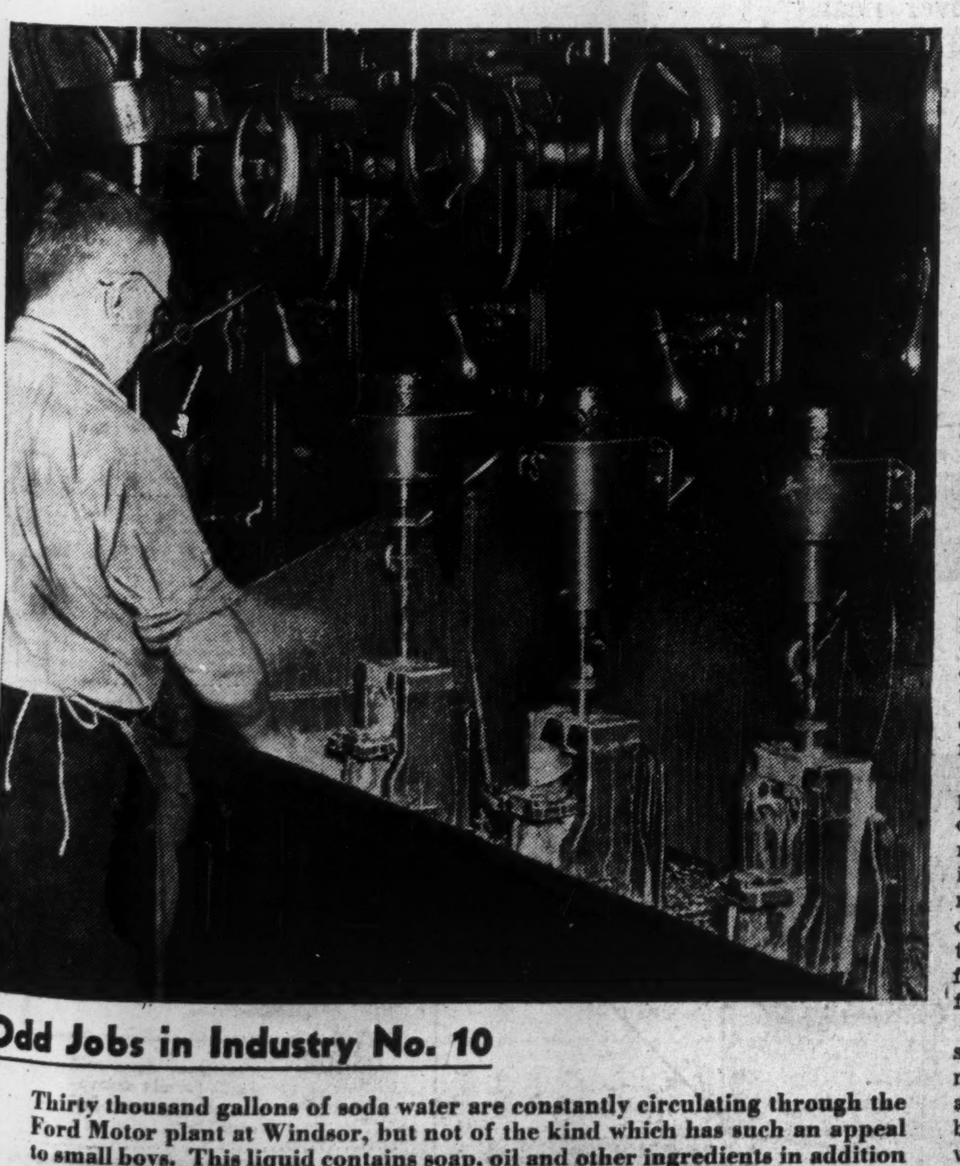
Steel Equipment Group

The group of firms engaged primarily in production of non-aircraft equipment includes:

Canadian Vickers Ltd., Montreal, which has been producing aircraft since 1923, and has manufactured flying boats, land 'plane transports, and machines for military purposes.

Ottawa Car Manufacturing Co., Ottawa, holder of manufacturing rights for Canada from Armstrong-Siddeley Motors Ltd., Sir W. G. Armstrong-Whitworth Aircraft Ltd., and A. V. Roe & Co., English aircraft firms, currently engaged in production of training 'planes and reconditioning of other machines for Canadian Government.

(Continued on page 12)



Odd Jobs in Industry No. 10

Thirty thousand gallons of soda water are constantly circulating through the Ford Motor plant at Windsor, but not of the kind which has such an appeal to small boys. This liquid contains soap, oil and other ingredients in addition to soda and it is used for coolng the metal cutting tools in more than 2,000 machines. It is piped from five big tanks, drained back, is cooled, skimmed and used continuously for six weeks, then renewed.

Civil Aviation Prospects

Transport Outlook Gives Little Hope of Stimulating Manufacture

Current outlook in regard to Canadian commercial air transport and extension of now negligible interurban air services, hold limited prospect of business for Canada's developing aircraft manufacturing industry.

Even under the best of conditions, the domestic market for civil aircraft would give airplane manufacture insufficient maintenance revenue. Essential to keep the industry on the right side of the ledger are orders for Canadian military machines, awarded during the past year in limited volume; foreign export of craft for both military and commercial purposes, and provision of reconditioning and repair services.

Transport Slowing Down

Capture of several major orders for defense and export by new entrants into the aircraft production field in Canada, limited the benefit to the industry as a whole of the pick-up in these spheres of its market. Accentuating this situation has been a slowing down of operations of commercial transport companies, particularly in the north country, and continued blockading of development in the interurban transport field.

In regard to the difficulties of north-country transport operators, chief factors have been the general business recession and the lack of investor funds to finance mine prospecting and development. The shrinkage of business encountered by some of the transport companies has naturally curbed purchase of new equipment and thrown a number of second-hand 'planes on the market.

Trans-Canada Delay

Major factors in relation to the lagging development of interurban transport services is the continued delay in inauguration of the long-promised postal, express and passenger service of Trans-Canada Air Lines.

Initial air mail service on the Vancouver-Winnipeg section was officially promised by March 1 last, and over the Vancouver-Montreal route by July. By latest reports, Trans-Canada operations have progressed no farther than training and test flights between Winnipeg and the west coast.

With Trans-Canada apparently committed to use California-made Lockheed transports for its services, the nationally owned air line is not a very good prospect for business for Canadian aircraft plants. On top of that, the delay in starting Trans-Canada service also means delay and uncertainty in regard to another potential source of business—development of commercial air service between major urban centres and of feeder lines for Trans-Canada.

Franchise Problem

A year ago, the Government was indicating that franchises would not be granted for interurban air lines—particularly for the important Montreal-Toronto-Detroit route — until Trans-Canada operations had gained reasonable impetus. The present situation is featured not only by the laborious birth of Trans-Canada service, but by reports that the official policy now is to retain such routes under control of Trans-Canada.

It would thus appear that aircraft producers are to be denied even the comfort of bidding for business from the private airline operators who were to have been granted franchises.

In the meantime, strong suggestions are heard in some quarters that the protracted marking time of Trans-Canada has little to do with the necessity of assuring utmost safety of operation and thorough training of personnel before service is offered to the public.

Ocean Routes

It is pointed out that an important function—if not the most important—of Trans-Canada will be to provide an extension to the Pacific coast of Imperial Airways' projected service across the Atlantic, and eventually to operate as a link between transatlantic and transpacific air services. But Imperial Airways is still conducting test flights on the Atlantic route and has made no definite plans for exploring the trans-Pacific route.

Aircraft Hopes For Canada

(Continued from page 11)

Canadian Car & Foundry Co., Montreal (aircraft plant at Fort William), holder of Canadian production and export rights for U.S. types (Grumman and Brunelli) of aircraft, last year produced large order of fighting 'planes officially consigned to Turkey, and recently reported to be negotiating order for several million dollars worth of military aircraft for South American countries.

National Steel Car Corp., Hamilton, building plant at Malton, Ont., adjacent to Toronto airport, for production of military 'planes for Canadian Government, as mentioned above.

Accessories and Servicing

Supplementing the operations of the companies producing complete aircraft are various plants engaged in manufacture or assembly of engines, landing gear, floats, skis, and wheels; and providing repair, reconditioning and test services for aircraft in use. It should be noted that most of the producers of complete aircraft supplement their manufacturing revenues by doing repair, remodelling and servicing work, and selling parts.

Among the firms which might be termed the secondary units of the industry are:

Canadian Wright Ltd., Canadian Pratt & Whitney Aircraft Co., Aero Engines of Canada Ltd., producers of aircraft engines, with plants at or near Montreal.

Macdonald Bros. Ltd., Winnipeg, specializing in production and fitting of floats for 'planes operating in northern mining areas. Could also turn to aircraft production and is one of the firms on which data were studied by British Air Mission.

Standard Machine Works Ltd., Winnipeg, specializing in testing and reconditioning.

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AIRCRAFT IN THE MAKING

Several Canadian aircraft plants are busy these days on orders for planes for the Royal Canadian Air Force. One of them is the Ottawa Car Manufacturing Co. factory, operations at which are pictured.

Explore Plan For Big Planes

French and Canadian Groups Discuss Possibilities

French and Canadian industrialists are exploring possibility of producing fighter-pursuit 'planes, large bombing aircraft, and transport machines of up to 20-passenger capacity. Also being studied, according to Montreal press reports, is the feasibility of operating in conjunction with the manufacturing project an air transport service in Quebec Province, with eventual connections to Saint John, N.B., and Halifax, N.S.

At the moment, prospect for establishment of such an enterprise is indefinite, according to Henri Potez, aircraft designer and manufacturer of Paris, France. M. Potez headed a group that recently conferred regarding labor and other aspects of the proposition with Hon. William Tremblay, Quebec labor minister. All that has been undertaken thus far is study of factors bearing on practicability of the idea, which M. Potez confessed appealed to him because Canada was a "sympathetic" country.

The visiting industrialist said he had been pondering for 18 months the possibility of developing in Canada a "source of (aircraft) supply in case of emergency," and undertook to look into the idea while visiting the Dominion. He denied that he had in mind filling French or British orders for military machines in event of war, but thought that a plant in Canada would find a good export market for both military and commercial 'planes.

Accompanying M. Potez on his visit to Mr. Tremblay were: Maurice Quedrue, Canadian representative of Air-France; Thomas R. Rudel, John M. Rudel, Thomas H. Onslow, and Pierre Journet, all of Montreal. With M. Potez on his visit to this continent was B. Rouze, production manager of Compagnie des Avions Potez, who spent some time in Montreal inspecting the Canadian Vickers plant, and the Curtiss-Reid factory at Cartierville.

Public Relations Director

In an effort to recognize industry's obligation of social responsibility and to maintain direct public relations on an improved basis, Johns-Manville Corp. board of directors has elected as a new member Dr. Walter A. Jessup, president of the Carnegie Foundation for the Advancement of Teaching.

British Orders for Canada

(Continued from page 1)

firms just prior to the time the mission returned to England. Subsequent developments have indicated that unqualified approval has been given to Canada as satisfactory location for the manufacture of aircraft for the British Government.

Hard, Shrewd Traders

But with a huge prize to dangle before the eyes of Canadian industry the British have become hard, shrewd traders.

"If we turn to Canada as a major source of supply, to what extent are you prepared to commit yourselves in respect of a defense and "foreign" policy? is the question asked.

Specific and embarrassing questions have also been asked such as the mysterious suggestion that the British establish and operate in Canada a training school for aviators. Until mid-week the Government had successfully parried discussion of this question both in the House and in the Senate. Doubtless the Prime Minister and his colleagues find it difficult to answer the question satisfactorily without being drawn into public discussion of the whole broad question of Canadian foreign and armament policy.

Pilots Now Being Trained

Actually Canada already has an effective answer to the pilot training problem—an answer that many people feel is far superior to this particular British poser.

For some time Canada has been training her own pilots at the excellent Trenton, Ont., school. Many of these have been made available to the British Government. It is felt that experience of the last war indicates it is far better for Canada to retain responsibility for training her own pilots (even if they subsequently find their way into the British service) rather than to let the United Kingdom set up her own recruiting and training facilities on Canadian soil.

Why has Canada not given a clear-cut answer to a plan upon the success of which may turn the safety of the Empire and the peace of the world?

Canada's reply is the old bogey of national unity.

So far, the Canadian Government has worked quietly and successfully to educate and convert "isolationists" toward a policy of adequate Canadian defense. There are many who criticize the Government for its lack of accomplishment and sluggishness even in this field. But those who know the problem are quick to give credit for what has been done and to recognize that definite forward steps to modernize Canada's "bow and arrow army" and defenses have been taken.

But to take a further step of establishing Canada as the "arsenal of Empire" is so far-reaching in its implications that the few millions being spent on Canada's own defenses looks trifling along side it. Were the Government to permit such a step at the present time it is feared that there would be a revolt not only in Quebec, but in western Canada such as would sweep the present Government out of office willy-nilly.

Bargaining Prospects

Whether the Government can successfully parry this decision without jeopardizing even the aviation business, which otherwise can be expected automatically in a few weeks time, remains to be seen.

Up till now, the British Government have taken, it is understood, a very hard-boiled attitude. They have threatened, it is said, that unless Canada will make some firm commitment there will be no really big business for this country.

Perhaps pressure for equipment will necessitate substantial orders being placed without a final decision one way or another from Canada. In that event, there may still be dangling in front of the country's nose a quantity and variety of armament business such as this country has scarcely dreamed of—provided some commitment worthy of the "arsenal of Empire" is forthcoming.

Dominion Rubber Asks Preferred be Delisted

From Our Own Correspondent

MONTREAL.— At the request of the company, the 30,000 preferred shares of Dominion Rubber Co. have been withdrawn from the list of the Montreal Stock Exchange.

The reason for this action is that there is now very little of this stock in the hands of the public. Early this year the United States Rubber Co., which had previously owned a majority of the preferred stock, made an offer to purchase all preferred shares of Dominion Rubber Co. at $110 per share.

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Drew Urges Overhauling Of Air Policy

Demands Clearly Defined Plan For Civil and Military Branches

HARD ON INDUSTRY

Closely followed by both aircraft producers and air transport operators is the campaign of Col. George Drew of Toronto for drastic overhauling of Canadian air defense and civil air policies.

In a recent resumption of his attack on aerial defense plans and control of civil aviation, Colonel Drew demanded appointment of a "non-partisan committee of qualified exports" to probe the whole problem of aviation in Canada. He cited the Cadman report in England to support his contention that problems of military and civil aviation were "two sides of the same coin," and his insistence for a revised, coordinated policy that would meet modern needs adequately.

Protesting that present government policies were hamstringing Canada's aircraft industry, Colonel Drew urged that the committee he proposed be asked to lay down "a clearly defined air policy for Canada, covering all phases of aviation from national defense to the flying clubs."

Colonel Drew bought radio time this week to press his demands for an improved air defense policy. He charged that equipment of the R.C.A.F. was inadequate in extent and obsolete in pattern and effectiveness. New equipment now being purchased would do little to overcome this deficiency, he felt.

Asserting that the personnel of the air force were worthy of "the finest machines," Colonel Drew declared that instead they were being "supplied with junk."

Montreal Aircraft Firm Has Plant in Readiness

At present inactive as far as manufacturing operations are concerned, Montreal Aircraft Industries Ltd. is owner of a large plant at St. Laurent, Que., potentially capable of turning on short notice to production of both civil and military aircraft. It is a two-story structure, with 42,000 sq. ft. of floor space, and is fitted with up-to-date production equipment.

Headed by J. A. D. McCurdy, of Montreal, generally recognized as the first man to fly in the British Empire, and who produced aircraft during the Great War, the company has operated for 10 years a commercial flying school at the 200-acre airport adjoining its factory. The firm was launched in 1927 as Reid Aircraft Co., to produce all-metal light aircraft. Purchased by Curtiss-Reid Aircraft in 1928, it continued airplane manufacture under this name until 1932, when reorganization resulted in assumption of the present name.

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Spotlight on Aircraft Stocks

British Investigation Centring Interest on Canadian Companies

Stocks of airplane manufacturers have often been favored by speculators and the past few months have been no exception. Talk of rearmament, with great emphasis on air forces, has spurred interest.

Canadian companies have come in for their share of attention which has been heightened by the recent visit of the British Aircraft Mission to this country and the United States. The outcome of this visit as it will affect Canadian airplane manufacturers is far from certain yet but the stock market has not been slow to take into account its possibilities.

As will be seen from the reviews of principal airplane manufacturers in Canada which follow, this industry is somewhat of a side-line for several large industrial firms. For such companies as Canadian Vickers, Canadian Car & Foundry or National Steel Car, revenue from the manufacture of airplanes probably is not yet a large proportion of total income.

For Fleet Aircraft, Fairchild and de Havilland it is their major business. But so far history of the industry in Canada has not demonstrated any great profit possibilities. It is a new industry, however, and progress in the use of aircraft has been rapid. For that reason it cannot be said that large profits will not be made when conditions in the industry become more stabilized. There are probably few industries in which the investor is so prone to stress the future as in aviation.

At present none of the companies making airplanes exclusively in Canada are paying dividends. Among the others interested in the industry, Canadian Car & Foundry has resumed payments on preferred arrears and National Steel Car resumed payments last year on its common.

Brief reviews of the companies manufacturing aircraft in Canada in which there is public investment interest follow:

Fleet Aircraft

Profits of Fleet Aircraft Ltd. dropped from $27,399 in 1936 to $2,398. Earnings were adversely affected by the cost of raw materials, increased expenses incidental to the programme of plant expansion and also by the cost of developing a new plane.

However, improvement in profits is looked for in the current year. The company had on hand as at April 12 last orders for 122 units of new aircraft, along with spare parts and a considerable volume of overhauls. The total value of this business is estimated at $800,000. Orders on hand were for the Canadian Government, domestic and export.

The company is engaged in the manufacture, sale and repair of "Fleet" and "Waco" aircraft. Manufacturing and sales rights for "Fleet" airplanes are held for all countries of the world outside the United States, China and Roumania. The company's products are now used in 20 countries and it is represented by agents in more than 40 countries.

Plant Capacity Increased

Plant capacity has been substantially increased since the company was incorporated in 1930. In January, 1936, the capacity of the company's plant at Fort Erie, Ont., was doubled and it was again doubled in 1937.

The company's balance sheet as at Dec. 31, 1937, shows total assets of slightly over $1 million. Working capital declined during 1937 from $374,413 to $320,885, current assets at the end of the year amounting to $477,524 and current liabilities to $126,639.

The company has no funded debt or preferred stock, its outstanding capital consisting of 90,000 no par value common shares. Of the total outstanding, 36,000 shares are held by Consolidated Aircraft Corp. No dividends have been paid.

Can. Car & Foundry

Canadian Car & Foundry Co. entered into the aircraft manufacturing field late in 1936 when it acquired rights for the manufacture and sale in any country in the world, except United States, of the Grumman" plane from the Grumman Aircraft Engineering Corp. of Farmingdale, L.I. The company also holds Canadian manufacturing rights for Brunelli aircraft.

Manufacture of these planes is carried out in the company's factory at Fort William, Ont., which has a capacity of four planes a week, a capacity which could be increased easily. In addition, the company has provided facilities at its Point St. Charles plant for the assembly and testing of aircraft motors.

During the past year the company has had a substantial volume of aircraft business. A large number of planes were sold abroad, including 40 to the Government of Turkey. Aircraft orders on hand in November last amounted to approximately $2 millions and additional orders have been secured since. The company is hopeful of British Government purchases.

Mexican Agreement

An agreement has been entered into with the Mexican Government for the manufacture of planes in Mexico, the Government to provide all the building and the cash necessary for the manufacture. Profits will be split equally between the company and the Mexican Government.

Canadian Car & Foundry's principal activity is the manufacture of railway rolling stock equipment, but it also produces a wide range of specialties and steel and malleable castings.

Earnings of the company were unsatisfactory during the depression, a deficit being reported in the fiscal years ended Sept. 30, 1932, to 1935, inclusive. Operations improved during the past four years and net profit in 1936-37 was equivalent to $4.01 a share as compared with three cents a share in the previous year. In the current fiscal year, which ends Sept. 30 next, business has been good. Not only was there a substantial carryover from 1936-37, but a good volume of orders was received from the railways and $3 millions order from the Toronto Transportation Commission.

Financial position is strong, working capital as at Sept. 30 last amounting to 2.8 millions. This is an increase of almost $1 million over the previous year.

Outstanding capital of the company consists of 283,111 shares of 7% cumulative preference stock, par value $25 each, and 365,800 shares of no par value common stock. Regular quarterly dividends are now being paid on the preferred stock, having been resumed last year, but arrears total $6.50 a share.

National Steel Car

National Steel Car Co., Hamilton, is mainly interested in the manufacture of railway equipment such as passenger and freight cars, but it recently branched out into the field of aircraft manufacture. At present it is erecting an aircraft factory adjacent to the airport at Malton, Ont.

Early this year the company secured an order from the Dominion Government for the construction of 12 single engine double seater planes at an approximate cost of $390,000. The company is building the frames for these planes and the engines are being supplied by the Department of National Defense.

Two months ago the company purchased Canadian rights to manufacture Westland Lysander army cooperation aircraft. Manufacture in Canada will be under license from the Westland Aircraft Ltd. of Yeovil, Eng.

Earnings Improve

Like other companies in the heavy equipment field, National Steel Car had a number of lean years during the depression, a deficit being reported in the years 1933 to 1935 inclusive. In the year ended June 30, 1937, there was substantial improvement, earnings amounting to $1.24 a share on the common as compared with nine cents a share in the previous year. It is expected that results for the year which ended June 30, 1938, will be even more favorable.

Capitalization of National Steel Car consists of 130,000 shares of common stock. Dividends on the common stock were discontinued in 1933, but were resumed Oct. 15, last with a payment of 50 cents a share. Additional payments of 50 cents a share were paid on Jan. 15 and April 15 last and a similar payment is to be made on July 15.

The company enjoys a strong working capital position, current assets at June 30, 1937, exceeding current liabilities by $1.2 million.

Late in 1936 the company secured an order from the British Government for the manufacture of 520,000 25-pound shells. Little publicity has been given to this aspect of the business and it is not known whether additional orders have been secured.

While aircraft manufacture may become an important branch of the company's activities, it will likely continue to depend upon railway equipment business for the major portion of its earnings.

Fairchild Aircraft

Outlook for Fairchild Aircraft Ltd., one of the few companies in Canada to confine its activities to aircraft has improved as a result of orders received from the Dominion Government.

The company holds Canadian rights for the manufacture and sale of Fairchild aircraft and the "Lockheed Electra," and selling rights for all other types of Lockheed planes.

In November last, the company was awarded a contract by the Dominion Government for construction of 18 twin-engined Bristol "Blenheim" bombing and coastal reconnaissance planes. This contract, which was awarded on a "cost plus" basis, involves about $1.5 million and will take three years to complete.

The company also has an order from the Dominion Government for 13 Lockheed super Electra 14-passenger planes. The combined order is understood to have a value in excess of $1 million, but, as these planes are being manufactured in United States, Fairchild Aircraft will only be paid a commission.

Record of Earnings

Complete details of earnings of the company since its incorporation in 1929 are not available as it was originally a subsidiary of Fairchild Engine and Aeroplane Corp. in the United States. However, earnings in recent years have not been satisfactory.

In the year ended Dec. 31, 1936, the company had an operating profit of $37,362 and a net loss of $3,984 after all charges. The latter was after providing $6,351 for depreciation, which auditors point out is half the normal annual provision. The company reported a net loss of $43,325 in 1935; $23,007 in 1934; and $26,552 in 1933.

No 1937 Report

Operations in 1937 are understood to have been unsatisfactory, but no financial statement has been published as the fiscal year end has been changed from Dec. 31 to June 30. Thus, the next report will be for the 18 months from Jan. 1, 1937. The report for this period will not reflect to any great extent the Dominion Government orders.

The company's balance sheet as at Dec. 31, 1936, showed total assets of about $600,000. Working capital amounted to $163,040. Outstanding share capital consisted of 120,000 common shares, par value $5 each.

Recently the company undertook to extend plant facilities, increasing floor space from 38,000 sq. ft. to 52,000 sq. ft. In conjunction with the factory, a landing field and seaplane base are operated.

Control of Fairchild Aircraft was acquired by Canadian interests late in 1936, a minority interest being retained by Fairchild Engine and Aeroplane Corp. Early this year Fairchild Engine and Aeroplane Corp. disposed of the remainder of its Fairchild Aircraft shares to a Canadian group.

De Havilland

Closely connected with one of the oldest British manufacturing concerns, De Havilland Aircraft of Canada has been operating in Canada since 1929 with a plant near Toronto. The Canadian company has manufacturing and selling rights on the British company's planes and has also adapted models particularly for Canadian conditions. Annual capacity of the company's plant is estimated at approximately 300 airplanes.

The well-known "Hornet Moth" and "Gipsy Moth" are widely used, while it also makes and sells two twin-engine models with accommodation for five to eight passengers. De Havilland planes are used by the Royal Canadian Air Force, the R.C.M.P., the Ontario Government Forestry Patrol, flying clubs and commercial flying enterprises throughout Canada.

Capitalization consists of 2,705 7% preferred shares of $100 par value, 25,000 class A $2 preferred and 5,000 class B shares. The English company owns the majority of the class A stock. Dividends on the 7% preferred were $45.50 a share in arrears at Sept. 30, 1937. One payment of 25 cents a share was made on the class A on Feb. 5, 1930, but none since. This stock is non-cumulative.

In the year ended Sept. 30, 1937, the company earned $1.40 a share on the preferred against 61 cents a share in the preceding period. It is expected that profits of the current year will be somewhat higher as an order for 20 "Tiger Moth" planes for the R.C.A.F. had not been delivered at the end of last year and profits will come into the current year's accounts. The company has an important volume of repair and maintenance work providing a valuable source of revenue.

Canadian Vickers

Aircraft manufacture is only one branch of manufacturing activity of Canadian Vickers Ltd. The company also operates a floating dry dock and shipbuilding and repairing plants at Montreal, and manufactures industrial and mining machinery, structural steel and kindred products.

Canadian Vickers has the right to manufacture and sell Northrop aircraft in Canada and also owns 25% of the capital stock of Aero Engines of Canada, which owns Canadian rights to the Wright and Jupiter aircraft engines.

Like other Canadian aircraft manufacturers, Canadian Vickers has been working on orders for the Dominion Government. Last year, it delivered seven "Stranraer" flying boats and four Northrop "Deltas." In January of this year, the Government ordered three more "Stranraer" machines and nine Northrop "Deltas."

It is hopeful of securing a substantial volume of aircraft orders from the British Government and at present one of its officials is in London consulting with the British War Office.

Earnings Not Satisfactory

Earnings of Canadian Vickers through the depression were satisfactory. Bond interest after depreciation has not been fully earned since 1932. However, there was improvement in earnings in the year ended Feb. 28, 1938, bond interest being earned 1.95 times before depreciation as compared with 0.94 times in the previous year. The net loss in 1937-38 was $47,531 as compared with $198,898 in 1936-37.

While working capital improved last year to $610,585 it is substantially below the 1932 level when current assets exceeded current liabilities by $1.3 million. Current assets at Feb. 28 last totalled $1,239,662 and current liabilities $629,077. Included in current assets is the sum of $270,000 due from subscribers to capital stock, subscribed for in 1929.

Sinking Fund in Arrears

No sinking fund payments have been made on the company's bonds since Aug. 1, 1932, liquidation of arrears of sinking fund payments and improvement in working capital position will probably be the first objectives of the management when earnings improve.

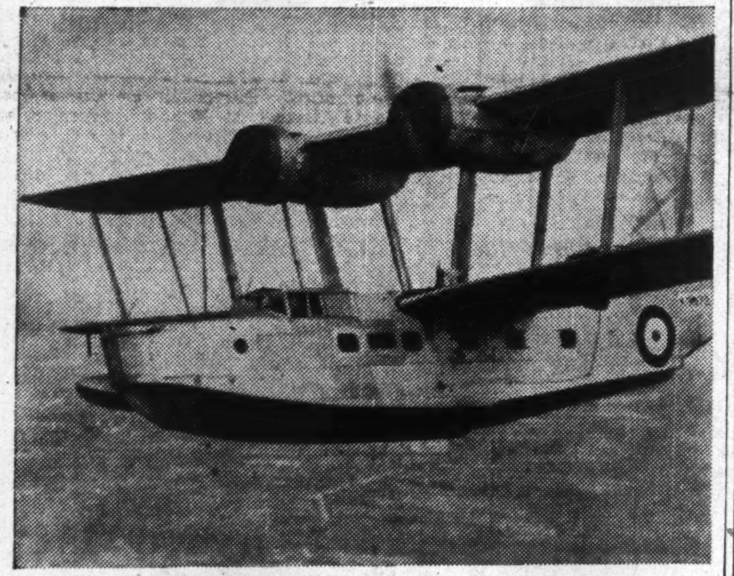
No preferred dividends have been paid since Nov. 1, 1929, accumulated arrears now amounting to $61.25 a share. Dividends have never been paid on the common stock of the company.

Outstanding capital consists of $2,506,500 of 6% first mortgage bonds, $2 millions of 7% cumulative preferred stock and 53,000 shares of no par value common stock.

—Photo courtesy, Royal Canadian Air Force.

AERIAL DEFENSE UNIT

Aircraft orders being filled in Canada for the Canadian Government include one for 11 Blackburn Shark torpedo bombers being built at Vancouver by Boeing Aircraft of Canada Ltd. Illustration shows a Shark ready for flight.



—Photo courtesy, Royal Canadian Air Force.

MILITARY FLYING BOAT

Canadian Vickers Ltd. Montreal, is currently completing an order for 10 Stranraer military flying boats, of the type pictured above, for the Canadian department of national defense. The same company also holds contract for 20 Northrop "Deltas," a fast transport type developed by Douglas Aircraft Co. and adaptable to military use.

Can. Foreign Investment Elects Board at Meeting

From Our Own Correspondent

MONTREAL.—The following were elected to the Board of Directors at the annual meeting of Canadian Foreign Investment Corp.: W. A. Black, W. Allan Black, Jr., E. B. Hosmer, J. D. Johnson, P. W. Ogden, E. R. Pease, Franklin Remington and H. H. Vaughan. P. W. Ogden has since resigned from the Board.

At the meeting of the board following the annual meeting, the following were elected as officers of the company: H. H. Vaughan, president; W. A. Black, vice-president, W. Allen Black, Jr., vice-president, R. J. R. Stokes, secretary-treasurer and P. W. Ogden, assistant secretary-treasurer.

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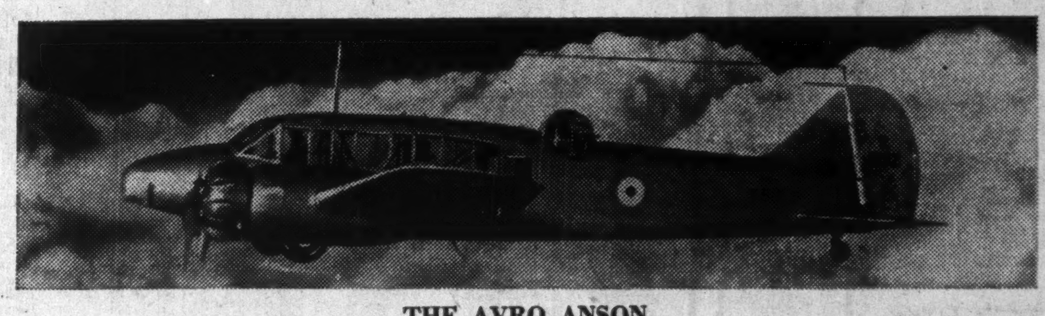

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STOCK AND BOND MARKET QUOTATIONS

Toronto and Montreal Stock Exchange Quotations

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING JUNE 27

Range 1938 High	Low	Div R'te $	Jne25 Y'ld %		Sales	Last June 20	Week end. June 27 H	L	Cl'se
				A					
2.87	1.00	•	...	Abitibi	48860	1.60	3.00	1.55	3.00
20	8½	•	...	Do. pref. 6%	10681	14	21½	15½	20½
25	25	•	...	Do. pref. 7%	100	..	25	25	25
18	9	•	...	Do. cert. dep.	....	(13½ June 2)			
*6½	2½	30c	...	Acadia Sugar	....	(3½ bid — asked)			
7	5	30c	...	Acme Glove	65	5	5	5	5
82	75	6.50	7.9	Do. pref.	20	82	75	75	75
11	8½	60+30c	...	Agnew Surp.	10	10½	10	10	10
110	104	7	6.7	Do. pref.	15	104	105	105	105
4	2	•	...	Alta. Pac. Gr.	1168	3	4	2½	4
26	10½	•	...	Do. pref.	530	23	26	24	26
90	75	•	...	Aluminium	....	(94½ bid 97½ asked)			
*130	118	6	...	Do. pref.	....	(102 bid — asked)			
2½	2	•	...	Amal. Electric	....	(2½ bid 2½ asked)			
30	26	•	...	Do. pref.	....	(25 bid 26 asked)			
26½	26½	60+$1	...	Amer. Cyn. B.	....	(16½ bid — asked)			
70	47	2+1	4.3	Asbestos	4004	64	70	65	69½
14½	11½	80+25c	7.6	Assoc. Brew.	280	13½	14½	13½	14½
111	106½	7	6.4	Do. pref.	....	(109½ bid — asked)			
*6½	6½	•	...	Assoc. T. & T.A.	....	(— bid 6½ asked)			
43½	34	1.68	...	Do. pref.	....	(— bid 37½ asked)			
101	100	5.50	5.5	Ault & Wiborg	5	100	100	100	100
				B					
60	54	2.25	3.9	Bank of Canada	813	57½	58	57½	58
163	160	8	5	Bk. Can. Nat.	11	162	161	161	161
211	195	8	3.8	Bk. Montreal	942	204	210	203	210
305	290	12	4	Bk. N. Scotia	98	296	296	292	293
249	227	10	4.3	Bk. Toronto	28	230	235	235	235
6	5	•	...	Barcelona	....	(4½ bid 14 asked)			
9	4½	96c	...	Barker's Bread	....	(4½ bid 5½ asked)			
40	30	2.50	8.3	Do. pref.	20	40	30	30	30
10½	6½	25c	...	Bathurst Pr.	9875	7½	9½	7½	9½
4½	2	•	...	Do. (B)	210	2½	3½	3	3½
2.25	1.15	•	...	Bawlf Grain	585	1.25	2.00	1.75	2.00
18	15	•	...	Do. pref.	35	17	17	16	16
2	2	•	...	Beath & Sons	....	(2 bid 3 asked)			
15	8	•	...	Beatty Bros. A	110	9	9	8	9
106	90	6	6.2	Do. pref.	....	(— bid 97 asked)			
105	98	7	7.8	Do. 2nd pfd.	....	(— bid 97 asked)			
5½	2	•	...	Beauharnois	2425	2½	3½	2½	3½
*107	100	4	3.8	Belding Cort.	....	(— bid 100 asked)			
135	131½	7	5.3	Do. pref.	....	(— bid 131½ asked)			
166½	146½	8	4.9	Bell Telephone	702	163	163½	160	162
11½	8½	50+12½c	7	Biltmore Hats	25	9	9	9	9
5	3	•	...	Blue Ribbon	40	3	3½	3½	3½
35	29	2	6.7	Do. pref.	25	30	30	30	30
25	21	1.30	5.4	Brant. Cord. pf.	5	24	24	24	24
13	7½	1	...	Brazilian Tr.	9343	11½	11½	11½	11½
7½	4½	50+50c	...	Brew. & Distil.	182	5	5½	5½	5½
6	5½	30c	...	Bright, T. G.	....	(— bid 11 asked)			
80	80	6	7.5	Do. pref.	....	(77 bid — asked)			
21½	16½	1	4.7	Brit. Amer. Oil	5567	20½	21½	20½	21½
14	9	•	...	B.C. Packers	54	12	13	10	12
34	27½	2	6.6	B. C. Power (A)	784	29½	30½	29½	30
5½	2½	•	...	Do. (B)	....	(3½ bid 4½ asked)			
4	2½	•	...	Bruck S. Mills	330	2½	3	2½	3
58	37	2+50c	4.5	Building Prod.	201	50	58	50	55
13	9½	60c	4.6	Burlington Steel	100	11½	13	12	13
3	2	25c	...	Burry Biscuit	65	2	2½	2½	2½
*60	30	3	9.1	Do. pref.	....	(30 bid 45 asked)			
23½	16½	1.20	7	Burt, F. N.	85	17	17	17	17

* 1937.
▲ On account of arrears.
‡ Plus extra of $2 paid Feb. 1, 1938.
e Initial.
b New York quotations.
° Stock bonus.
† Interim.

Mining Stocks

Par Val.	Range 1938 High	Low	Company	Sales	Close June 20 (or last)	High for week	Low for week	Close June 27
			A					
1	.04½	.01	Afton	......	(.02 bid .02½ asked)			
No	.70	.35	Aldermac	299,603	.54	.61	.53	.53
1	.03½	.01	Alexandria	2,000	.01	.01	.01	.01
1	.33	.16½	Amm. Gold	80,400	.25½	.27	.23	.24
No	4.15	2.75	Anglo-Huronian	2,202	3.00	3.30	3.00	3.00
No	.02½	.01	Arno	......	(.01 bid .02 asked)			
1	.33	.15	Arntfield	1,200	.10	.17	.16	.17
1	.10	.05	Ashley	4,360	.07	.06½	.06	.06½
1	.04½	.02	Astoria Rouyn	4,500	.02½	.02½	.02	.02½
1	.44	.20	Augite Porc.	25,300	.26	.27	.23	.25
50c.	.14	.06	Astec	......	(.10 bid .12 asked)			
			B					
1	.27	.12	Bagamac	2,500	.18	.17	.16	.17
1	1.03	.62	Bankfield	8,725	.75	.75	.69	.75
1	.45	.20	Base Metals	34,150	.32	.40	.33	.35
No	1.45	1.00	Beattie Gold	6,100	1.27	1.25	1.12	1.16
1	.32	.17	Beaufor	1,200	.20	.18½	.18	.18
1	.50	.20	Bidgood Kirk.	17,175	.26	.26½	.24	.25
1	.58	.30	Big Missouri	33,488	.33	.39	.32	.36
1	.12	.07	Bobjo	3,700	.09½	.09½	.08½	.09
1	.13½	.06½	Bouscadillac G.M.	4,500	.07	.08	.06½	.08
No	10.25	8.00	Bralorne	1,530	10.12	10.00	9.75	9.75
1	.08	.03	Brazil Gold	......	(.05 June 13)			
1	.12	.02	Brett Trethewey	18,800	.02½	.03	.02	.03
1	.10	.03	Brownlee	500	.04	.04	.04	.04
1	17.50	11.00	Buffalo Ankerite	5,683	16.25	16.75	15.75	15.75
No	.06½	.02½	Buffalo Can.	34,500	.03½	.03½	.03	.03½
5	30.50	24.25	Bulolo Gold	2,185	29.50	29.50	27.50	27.50
No	.22	.10	Bunker Hill	4,800	.10½	.11	.10	.10
			C					
No	1.28	.74	Can. Malartic	13,050	.94	.94	.83	.90
1	.09½	.03½	Capital Rouyn	500	.04	.03½	.03½	.03½
1	2.40	1.65	Cariboo Gold	200	2.35	2.40	2.40	2.40
1	.15	.05	Cartier Malartic	9,000	.06	.06½	.05½	.05½
1	.85	.53	Castle Trethewey	3,100	.83	.85	.81	.80
1	.62	.24	Cen. Cadillac	14,500	.36	.36	.31	.31
1	3.20	2.10	Cen. Patricia	8,100	2.72	2.68	2.40	2.46
1	.15	.08½	Cen. Porcupine	10,700	.13½	.18	.11½	.12½
No	.72	.35	Chromium	37,575	.40	.70	.40	.55
5	4.00	2.00	Coast Copper	405	2.00	2.75	2.50	2.50
1	.04½	.00½	Cobalt Contact	3,500	.00½	.01½	.00½	.00½
5	2.25	1.25	Coniagas	......	(1.60 bid 1.75 asked)			
No	1.84	1.10	Coniaurum	2,520	1.35	1.31	1.25	1.30
1	.42	.19	Con. Chibougamau	2,290	.22	.22	.20	.22
25	64.25	46.50	Cons. Smelters	18,006	51.50	58.50	53.00	57.50
			D, E					
1	.23½	.10	Darkwater	......	(.10 bid .11½ asked)			
1	.46	.17	Denison Nickel	20,550	.18	.25	.18	.22
No	30.50	27.50	Dome Mines	9,702	30.00	29.37	27.50	29.00
1	.07	.03	Dom. Explorers	1,500	.04	.05	.05	.05
1	.26	.09	Dorval Siscoe	41,700	.12	.14½	.09	.14
1	.06½	.03	Duparquet	15,500	.05	.06	.05	.05
1	1.79	1.05	East Malartic	50,105	1.65	1.78	1.60	1.73
1	3.25	1.96	Eldorado	24,110	2.12	2.25	2.10	2.10

Oil Quotations

Vancouver Stock Exchange

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

June 28, 1938

Public Utility Issues:	Int. Rate %	Due	Bid June 28	Asked	Bid June 21
†Assoc. Tel. & T.	5½	'55	78	81	76
Beauharnois P.	5	'73	91½	94½	91½
‡Bell Tel.	5	'55	111½	114½	111½
‡Do.	5	'57	119	123	119
B. C. Power	4½	'60	99½	102½	100
B. C. Tel.	4½	'61	103½	106½	106
†Calgary Pwr.	5	'60	97½	100½	97½
Do.	5	'64	95½	98½	95½
†Can. Nor. Pwr.	5	'53	105	108	105
‡Dom. Gas & El.	6½	'45	83½	85½	80½
‡Gatineau Pwr.	5	'56	104	107	104
‡Do., A	6	'41	101½	105	102
Gt. Lakes Pwr.	4½	'56	94½	97½	94½
‡Int. Hydro-E.	6	'44	69½	72½	70
▲Inter. Power.	6	'55	100	103	100
†Macl'n-Que. Pr.	5½	'61	101	104	99½
Do.	5½	'64	100	103	...
Mtl. L., H. & P.	3½	'56	101	104	101
Do.	3½	'73	96	99	95
†Mtl. Tramways	5	'41	99½	102½	99½
† Do.	5	'55	75½	78½	74
Nat. Lt. & Pwr.	6	'49	91½	94½	90½
N. S. Lt. & Pr.	4	'57	98	101	97½
‡Ottawa Light, Heat & Power	5	'57	106	109	106
†Ottawa V. Pwr.	5½	'70	105½	108½	105½
†Power Corp.	4½	'59	100	103	101
Quebec Power	4	'62	96½	99½	96
‡Saguenay P., A	4½	'66	103	108	103½
Do., B	4½	'66	104	107	104
Shaw. W. & Pr.	4½	'61	100	103	100½
Union Gas	4½	'50	100	103	100
Wpg. El. Ser. A	4	'65	65	68	63½
Industrial and Realty Issues:					
†Abitibi P. & P.	5	'53	57	60	47½
Acadia Sugar	4½	'55	101	104	101
†Alta. Pa. Grain	6	'46	82½	85½	82½
Atlantic Sugar	4	'51	99	102	99
B. A. Oil	4	'45	103	106	103
§Brown Co.	5½	'46	50½	53½	44½
†Burns & Co.	5	'58	59½	62½	55½
Canada Bread	6	'41	107½	110½	107½
Canada Cement	4½	'51	102½	105½	102½
Can. Paper	4½	'52	97½	100½	97
Can. Steamship	5	'57	84½	...	85½
Candn. Canners	4	'51	98½	101½	98½
‡Can. Int. Paper	6	'49	91½	94½	90
‡Candn. Vickers	6	'47	95½	98½	96
C. P. R.	3½	'51	89	92	88
Do.	4	'49	92	95	90½
Do.	4½	'44	95	98	94
Do.	6	'42	102	105	101½
Do., debs.	4 perp.		77	80	74
†Consol. Paper	5½	'61	46½	49½	41
Dom. Coal	4½	'52	101	104	101
▲Dom. Stl. & C.	6½	'55	99½	102½	98
Dom. Tar	4½	'51	100½	103½	100½
†Donnacona B.	4½	'56	72½	75½	69½
Famous Players	4½	'51	97½	100½	97
†Federal Grain	6	'49	92½	95½	92
†Fraser Cos.	6	'30	95	98	94½
Gen. Stl. Wares	4½	'52	91½	94½	90
‡Great Lakes P.	5	'55	89½	91½	87½
†Gypsum, Lime.	5½	'48	96	99	94½
Ham. By-Pr. C.	5	'55	100	103	100
Inter-City Bak.	5½	'48	102½	...	102½
‡Inter. P. & P. Nfld.	4½	'68	100	103	101
Lake St. John P. & P.	5½	'61	88½	91½	84½
Maple Leaf M.	5½	'49	51½	54½	52
†Massey-Harris.	5	'47	98½	101½	98½
†McColl-Fron.	6	'49	105	108	106
McCormick's	4	'52	79	82	78½
‡M. & O. Paper	6	'45	35	38	...
Nat. Grocers	4	'47	100	103	100
†N. S. Stl. & C.	5	'58	86	89	81½
†Do., debs.	6		37½	41½	31½
Price Bros.	5	'57	92½	95½	91
‡Prov. Paper	5½	'47	101	104	101
Reliance Grain	4½	'52	92	95	91½
†Restigouche Co.	6	'48	95	98	95
Rolland Paper.	4½	'51	102½	105½	102½
Simpsons Ltd.	4½	'51	95½	98½	95
Smith, Howard	4½	'51	102½	105½	102½
†Steel of Can.	6	'40	109½	112½	109½
‡United Gas	5½	'48	101½	104½	101½
United Gr. Grs.	5	'48	92½	95½	92½
†West. Grain	6	'49	46	49	46

‡Payable in Can. or U.S.
†Payable in Can., U.S. or U.K.
▲Payable in Can. or U.K.
§Payable in U.S. only.

Winnipeg Stocks

(Transactions from June 20 to June 25)

	Sales	High for period	Low for period	Close June 25
Beav. Lumber, c.	100	3.00	3.00	3.00
Berens River	200	.85	.85	.85
Central Man.	3,800	.04	.03½	.04
Cons. Goldfields	2,000	.03	.03	.03
D. Envelope, c.	85	3.00	3.00	3.00
Fed. Grain, pfd.	113	40.50	34.00	34.00
Flin Flon	7,600	.06½	.06	.06
Gold Lake	2,200	.01½	.01½	.01½
Gt. Falls M.	7,700	.20	.11	.12
Gurney Gold	6,900	.15	.14½	.15
North. Mtge.	120	2.00	2.00	2.00
Ore Grande	5,000	.04	.02½	.04
Packsack	200	.03	.03	.03
Sachigo River	165	18.50	17.75	18.00
Sunbeam Kirk.	100	.28	.28	.28
Wingold	4,600	.05	.04	.04½
West. Grain, p.	10	13.50	13.50	13.50
Western Steel	150	9.25	8.50	9.25
West. Brew.	200	2.25	2.25	2.25
Wingold	8,000	.01½	.01½	.01½

Stocks Not Traded in During Week*

	Bid	Asked
Beaver Fire Insurance	...	100
Can. Indemnity	125	...
Can. Airways	...	3½
Home Investment	15	20
Northern Trust	6	...
Traders Bldg.	81	...
United Grain	7¼	8

*Stocks more active on other exchanges not included.

Municipal Bonds

June 28, 1938

	Rate	Due	Bid	Ask.	Yld.
†Halifax	5	1961	113.00	115.00	4.00
Hamilton	5	1950	113.65	115.65	3.40
Montreal	5	1945	103.50	105.00	4.14
Ottawa	4½	1945	108.30	110.30	2.87
†Quebec	5	1959	104.50	106.00	4.55
Saint John	5	1950	106.50	108.00	4.17
†Toronto	4½	1955	114.00	116.00	3.24
†Vancouver	5	1950	85.00	89.00	6.37
Winnipeg	5	1944	96.00	100.00	5.00

†Payable Can. and N. Y.

Unlisted Stocks

(Furnished by A. J. Pattison Jr. & Co., Toronto)

June 28, 1938

Industrial Stocks:	Bid	Asked
Acadia Sugar, pfd.	4.40	4.75
Algoma Steel, com.	11.75	12.00
Do., pfd.	57.00	60.00
Andian National	42.25	45.00
Anglo Can. Tel., A	8.50	9.00
Barrymore Cloth, pfd.	25.00	28.00
B. C. Pulp & Paper, com.	12.00	13.00
Do., pfd.	40.00	45.00
B. C. Sugar	81.00	84.00
Burns & Co., A	3.50	4.00
Do., B	2.00	2.50
Can. Airways	1.50	2.25
Can. Industries, A com.	195.00	....
Can. Ingersoll Rand	115.00	120.00
Can. Tube & Steel, com.	3.00	3.50
Do., 1st pfd.	60.00	65.00
Chase, A. W., pfd. bonus	26.00	27.50
Claude Neon, pfd.	5.00	6.00
Cons. Sales Book, pfd. bon.	80.00	....
Copeland Flour Units	6.00	....
Corrugated Paper Box, com.	2.00	....
Do., Rts.	10.00	11.50
Dominion Woollens, pfd.	.85	1.15
Dunlop Tire, pfd. par $25	16.00	17.00
Easy Washing Machine, pfd.	7.25	....
Fairchild Aircraft	8.85	5.50
Federal Grain, com.	2.00	3.00
Do., pfd.	26.00	27.00
Goderich Elevator	3.75	6.00
Guelph Carpet, pfd.	103.75	105.00
Do., com.	19.75	20.50
Hayes Steel Prod., com.	4.50	5.50
Do., pfd.	6.00	....
Highland Dairy, pfd.	40.00	45.00
Home & Indust. Bldg. Prod.	3.25	3.75
Kingston Shipbuild. Units	9.00	10.50
Loblaw Inc., pfd. bonus	57.00	....
Maritime Tel., com.	16.00	17.00
Do., 7% pfd.	16.25	17.25
Morrison Brass, pfd. bonus	6.00	8.00
Morrow Screw, pfd. bonus.	95.00	98.00
Mount Royal Hotel, pfd.	3.50	4.25
Neilson, Wm., pfd.	98.50	....
New Brunswick Tel.	13.00	14.00
New Method. Laund., pfd. bonus	60.00	....
Paterson, Wm., pref.	100.50	....
Provincial Paper, pfd.	100.50	102.50
Reliance Grain, pfd.	58.00	60.00
Rob. Consol. Cone	8.10	8.50
Ruddy, E. L., pfd.	22.00	25.00
Seal O Sac (Can.)	2.00	2.75
Standard Fuel, com.	2.00	3.00
Do., pfd.	50.00	53.50
Stedman Bros., pfd. par $50	52.00	56.25
Supertest Pete., B pfd.	27.00	30.00
Toronto Carpet, com.	....	32.00
Do., pfd.	54.50	60.00
United Farmers Co-op.	2.75	3.25
United Steel, A pfd.	14.50	15.00
Viceroy Mfg., pfd. & rts.	18.00	18.75
Western Grain, pfd. bonus.	13.50	14.00
Western Steel Prod., com.	9.00	9.50
Weston (Geo.) Foods (Eng.)	3.25	4.00
Willards Choc., pfd.	23.50	....
Wings Limited	.55	.65
Trusts and Loan Stocks:		
British Mortgage	141.00	....
Commercial Finance, com.	2.60	3.10
Guelph & Ont. Inv., par $50	50.00	....
London & West. Trust	30.00	38.00
Premier Trust	....	110.00
Sherbrooke Trust	120.00	....
Sterling Trust	43.00	48.00
Traders Fin., A com.	13.00	14.00
Do., B pfd. bonus	82.00	84.50
Trusts & Guarantee	24.50	25.00
Insurance Stocks:		
Canada Life	536.00	545.00
Canadian Ins. Shares	15.00	18.50
Confed. Life, 25% pd.	135.00	....
Continental Life, 20% pd.	81.00	85.00
Crown Life Fully Pd.	212.00	....
Dominion Fire	135.00	141.00
Dom. of Can. Gen.	110.50	115.00
Empire Life, 25% pd.	10.50	11.50
Federal Fire, 25% pd.	50.50	....
Great West Life	301.50	312.50
Imperial Life	315.00	320.00
Manufacturers Life	350.00	360.00
Monarch Life, 10% pd.	23.00	25.00
Sovereign Life, 25% pd.	13.00	14.75
Sun Life	470.00	480.00
Toronto General	5.00	6.00
Western Assce., pfd.	40.00	43.50
Do., com.	45.00	50.00
Theatre Stocks:		
Allens, Kingston, pfd.	58.00	66.00
Do., London, pfd.	32.00	....
Do., St. Catharines, pfd.	62.00	....
Do., Tor., pfd. bonus com.	30.00	....
Loew's London, pfd.	2.25	....
Mansfield Theatre, pfd.	15.00	18.00
Paramount Kitchener, pfd.	48.25	52.00
Do., Oshawa, pfd.	85.00	90.00
United Amusement, A	15.50	16.50
Investment Trust Shares:		
Can. Investment Fund	3.75	4.10
Can. Investors Corp.	5.85	6.50
Inv. Found., pfd. bonus	52.50	54.00
Lon. Can. Inv., pfd.	29.00	35.00
See's Hold. Corp., pfd. bon.	16.00	17.25
United Corp., A	18.50	20.00
Do., B	8.50	9.50
Power Issues:		
Can. West. Nat. Gas, com.	24.00	26.50
Do., pfd.	90.00	92.50
Great Lakes Power	101.00	....
Inter. Util., $1.75 pfd.	7.50	9.00
Do., $7 pfd.	88.00	....
Montreal Island Power, pfd.	19.00	21.00
Northern Ont. Power, pfd.	98.00	101.00

Stock Sales

	Montreal Markets Indust.	Mines	Toronto Markets Ind. & Mines
June 28	45,500	47,800	679,000
June 27	49,300	52,700	635,000
June 25	24,400	17,600	275,000
June 24	53,200	42,600	508,000
June 23	62,700	65,200	712,000
June 22	60,900	67,600	745,000

Investment Trusts

	Bid	Asked
Ca. Amer. Trust, ex-div.	3.20	3.60
Can. Inv. Fund	3.75	4.10
All Can. Trustee	11.25	11.80
Trans-Canada	12.25	....
Grouped Income	4.51	5.10
Can. Int. Tr., modified	4.75	5.30
Do., unmodified	4.25	5.00

Unlisted Mines

TORONTO
June 28, 1938

	Bid	Ask.		Bid	Ask.		Bid	Ask.
Addington	.14	.16	Gordon Lb.	.02½	.03	Ossian	.04½	.04½
Albany R.	.27	.29	Gorhm G.	.11	.11½	Parkhill	.01½	.02½
Algoma S.	.19	.21	Hallnor	6.50	7.00	Pascalis	.37½	.39
Algold	.44	.46	Halliwell	.07½	.08½	Porcu. Lk.	.12	.15
Amorada	.03½	.04½	Hayes Cd.	.13	.15	Porc. McN.	.02½	.02½
Arjon	.04	.05	Hudson Pt.	.01	.01½	Plains P.	2.00	2.25
Armistice	.03	.04	Hislop	.03	.03	Planet	.10	.12
Argosy	.05½	.05½	Hutch. Lake	.03	.04	Pontiac R.	.11	.12
Arno	.01	.01½	Hugh PaP.	.06	.06½	Portage	...	.22
Athona	.08½	.09	Keora	.03	.04	Pelangio	.03	.04
Area	.04½	.05½	Keystone	.03	.03½	Polaris	.24½	.26
Bailor	.01½	.01½	Kaw Crow	.03½	.03	Propri'y	1.63	1.65
Barb. Lar.	.45½	.46½	Kenricia	.24	.26	Que. Mn.	.18	.20
Bear	.36	.37	Kerry G.	.28	.30	Rand Ml.	.34	.38
Bidlamaque	.03½	.04	Kawaga'a	.03	.07	Rajah	.03½	.04
Big Master	.03½	.06½	Kir. Vit.	.04	.04½	Ribago (new)	.03	.03½
Bilmac	.10	.12	King Fish	.01	.01½	Rich Rock	.06	.08
Baldwin	.01½	.02	Kirk. Gate	.13½	.15	Ronda	.22	.23
Cuniptau	.06½	.06½	Kirk Hun.	.01½	.02½	Rouyn Re.	.02	.02½
Calder Bo.	.02½	.03	Lacoma	.08½	.09½	Rubec	.01½	.01½
Camlaren	.28	.30	Lafayette	.01½	.01½	Sachigo	17.00	17.50
Cana. Pan.	.05	.06	L. Geneva	.25	.27	Sand Rv.	.19	.22
Cana. Kirk.	.01	.01½	Lakehead	.03	.04	Shenango	.03½	.04
Capital Ro.	.04½	.04½	Lake Rose	.08	.09	Sheldon	.11½	.12
Central M.	.03½	.03½	Lamaque	6.00	6.30	Silver Val.	.03½	.04
Chan. Yel.	.28	.30	Lardego	.03	.03½	Siscoe E.	.17½	.19
Chesterv.	1.22	1.24	Lucky Kir.	.05½	.06	Smelter	.04½	.05
Cheminis	.08	.09	Magnet L.	.11½	.12½	So. Keora	...	.06
Coin Lake	.04½	.05½	Magnet C.	.05	.08	Spooner	.08½	.08
Crowshore	.09	.11	Malartic	.38	.39	Sturg. Rv.	.20	.22
Cont. Kir.	.16	.18	Martin Br.	.25	.27	Sunbeam	.25	
Dawson W.	.04	.04½	Mata. Cana.	.06½	.07	Sun Bear	.05½	
Delandore	.05½	.07	Moffatt Hall (new)	.03	.04	Surf Inlet	...	
Delwood	.03½	.04½	McFar. L. L.	.03½	.05½	Springer	.07½	
Desantis (new)	.13	.21	McCarthy	.05	.07	Tonawa'a	.03½	
Devon	.18	.20	McVit. Kir.	.03	.02½	Upper Cn.	.41	
Doreva	.05½	.06	Menarch	.02	.02½	Up. Seine	...	
Don Mart	...	.05½	Mosher	.25	.26	Wascanna	...	
Delosha P.	.01	.02	Mooshla	.05½	.06	Williamson	.05	
Dunlop (new)	.03	.03½	Norlake	.03	.04	Wilport	...	
Elmos	.23	.25	Negus	.97	1.00	Wesley	.03	
E. Lacoma	.03½	.04½	North Sho.	.01½	.02½	Wells LL.	.12	
Elizabeth	...	.28	Oklend	.14½	.16	Westside	.03	
Frontier	.03½	.04½	O'Leary	.04½	.06	Wh. Horse	.06	
Gate Pat.	.02½	.03	Opemiska	.07	.08	Winoga	.06	
Gilbec	.01	.01½	Oriole	.04	.04½	Woco	.29	
Goldside	.01½	.02½				Ypres Cd.	.04	
Golden G.	.48	.50				Yg. Dav'n.	.18	

MONTREAL
June 28, 1938

	Bid	Ask.		Bid	Ask.		Bid
Abbeyville	.13	.14	Dorval Units	...	10.00	Porc. Lake	...
Amity	.01½	.02	Lake Rowan	.05	.08	Routhier Cad.	...
Barber Larder	.45	.46	L. L. Lagoon	.03½	.05	Seguin	.01
Brown Cadillac	.01	.02	Leroy	.01½	.03	Valdor Min.	1.00
Chibmac	.01	.02	Margaret	.11	.04	Wawbano	.01
Courmac	[illegible]	[illegible]	Obalski	.08	.08		
			Pena-Canadian	.13	.14		

Government Bonds

(Supplied by Investment Dealers' Association of Canada)

Dominion of Canada Bonds

June 29, 1938		Bid	Asked	Approx. Yld.
	1 Jan. '39	100.75	101.25	...
•2	1 June '39	100.25	100.75	.20
1	15 Nov. '39	101.60	102.10	.50
2½	15 Oct. '39	102.20	102.70	.45
4	15 Oct. '39	104.30	104.80	.38
1½	1 June '40	101.35	101.85	.55
4½	1 Sept. '40	107.35	107.85	.84
1	15 Mar. '41	99.85	100.35	.87
5	15 Nov. '41	111.62	112.12	1.35
2	1 June '42	101.87	102.37	1.37
5	15 Oct. '42	105.62	106.12	1.33
2½	1 June '43	103.50	104.00	1.66
5	15 Oct. '43	114.50	115.00	2.00
2	1 June '44	100.12	100.62	1.89
•2¼	15 Jan. '44	101.62	102.37	▲1.71
4½	15 Oct. '44	112.75	113.25	2.24
2½	15 Nov. '44	102.50	103.00	2.00
•2½	15 Aug. '45	102.75	103.50	▲1.79
4	15 Oct. '45	109.25	109.75	▲2.04
4½	1 Feb. '46	113.00	113.50	2.53
3¼	1 June '49	103.00	103.50	▲2.75
3½	15 Oct. '49	104.62	105.12	▲2.62
3¼	15 Nov. '51	102.62	103.12	▲2.90
•5	1 May '52	112.62	113.37	▲1.41
4	15 Oct. '52	108.87	109.37	▲2.86
3	1 June '55	99.25	99.75	3.02
4½	1 Nov. '56	111.75	112.50	▲2.83
4½	1 Nov. '57	112.00	112.75	▲2.95
3	1 June '58	98.37	98.87	3.08
4½	1 Nov. '58	112.50	113.00	▲3.04
4½	1 Nov. '59	113.12	113.62	▲3.08
4	1 Oct. '60	110.25	111.00	▲2.94
•4	15 Jan. '61	103.00	103.75	▲2.97
•3¼	1 June '66	101.00	101.50	▲3.14
3	15 Jan. '67	98.37	99.12	3.05
•3	Perp. bonds	89.50	90.00	3.33

Dominion Guaranteed Bonds

Canadian National Railways:

		Bid	Asked	Approx. Yld.
3	15 Jan. '42	101.75	102.75	1.20
3	15 Feb. '43	100.75	101.75	1.61
3	1 May '44	104.75	105.75	1.97
3	15 Dec. '50	99.00	100.00	3.00
3	15 Feb. '53	98.75	99.75	3.02
*4½	1 Sept. '51	115.50	116.50	3.00
†4½	1 Feb. '56	116.25	117.25	3.23
†4½	1 July '57	115.50	116.50	3.32
†4¾	15 June '55	118.25	119.25	3.27
5	1 Feb. '54	119.25	120.25	3.35
*5	1 July '69	117.25	118.25	▲2.48
*5	1 Oct. '69	120.75	121.75	▲3.10
*5	1 Feb. '70	120.75	121.75	▲3.15

Provincial Government Bonds

		Bid	Asked	Approx. Yld.
New Brunswick:				
3	15 Oct. '51	93.00	94.50	3.51
3½	15 June '56	95.00	96.00	3.81
5	15 Nov. '47	102.00	103.00	▲3.53
†4½	15 Apr. '61	104.25	105.25	4.14
†5	15 Jan. '60	109.00	110.50	4.26
Nova Scotia:				
3	2 Jan. '52	96.50	98.00	3.18
3¼	1 June '56	98.50	100.00	3.25
3½	15 Dec. '49	101.75	103.00	3.19
†4½	15 Sept. '52	109.50	110.50	▲3.17
†4½	15 Nov. '60	110.50	112.00	3.71
†5	1 Mar. '60	116.00	117.50	3.82
Ontario:				
2½	15 May '45	101.25	102.25	2.15
3	1 Dec. '51	99.25	100.25	2.98
3¼	15 Nov. '51	101.50	102.50	▲3.00
*4	1 June '62	109.00	111.00	3.33
4½	1 June '50	113.00	114.00	3.10
†4½	15 Jan. '62	115.50	117.50	3.42
5	15 Oct. '48	116.00	117.00	3.09
*5	2 Dec. '60	123.00	124.12	3.45
5½	1 July '46	117.25	118.25	2.92
Ont. Hydro Comm.:				
3¼	1 Feb. '53	100.50	101.50	▲3.10
3½	1 Apr. '47	104.00	105.00	2.85
4¾	1 Jan. '70	119.00	121.00	3.62
Prince Edward Island:				
3	1 Oct. '45	99.50	101.00	2.85
Quebec:				
3	1 Nov. '51	97.75	98.75	3.11
3¼	1 Mar. '48	100.50	101.50	3.07
3¼	1 June '52	99.50	100.50	3.20
4	15 Mar. '52	106.50	108.50	3.24
4¼	1 Aug. '58	110.00	111.50	3.46
4½	2 Jan. '63	113.00	114.50	3.60
Alberta:				
4	15 Dec. '56	48.75	52.75	§
4½	1 Oct. '51	52.50	56.50	§
†4½	1 Oct. '56	50.25	54.25	§
*5	1 Oct. '59	52.25	56.25	§
†5¼	1 Apr. '52	53.00	57.00	§
6	1 Mar. '47	55.25	59.25	§
British Columbia:				
*4½	15 Jan. '51	96.50	99.50	4.55
†4½	1 Oct. '58	95.25	98.25	4.67
‡5	25 Apr. '54	99.00	102.00	4.82
5½	1 Feb. '45	100.25	103.25	4.91
6	15 Feb. '47	103.00	106.00	5.13
Manitoba:				
†4	1 Dec. '57	82.00	86.00	5.14
†4½	15 Dec. '56	86.50	90.50	5.31
*5	2 Dec. '59	91.75	95.75	5.33
5½	1 Oct. '55	94.75	98.75	5.61
6	1 Apr. '47	97.50	101.50	5.77
Saskatchewan:				
4	1 Nov. '60	71.25	75.25	6.02
†4½	1 Oct. '51	78.00	82.00	6.52
†4½	15 Mar. '60	74.50	78.50	6.32
5	1 Aug. '58	80.50	84.50	6.36
5½	1 Oct. '52	83.00	87.00	6.83
6	15 Mar. '52	86.00	90.00	7.14

*Payable Can., N.Y., & £. ▲Calculated to call date giving lowest possible yield. †Payable Can. & N.Y. •Payable N.Y. ‡Callable on or after Sept. 15, 1936. §Traded flat. Interest being paid at 50% of coupon rate; minimum rate 2%.

Dividends Declared

	This payment	Date payable	Date of record
Agnew-Surpass, pf.	$1.75	July 2	June 15
Assoc. Brew., pref.	$1.75	July 1	June 15
Acme Glove	12½c	July 1	June 18
Do., pref.	$1.62½	July 1	June 18
Amer. Cyan, A.B.	15c	July 1	June 15
Amer. Cyan., pref.	12½c	July 1	June 15
Alta. Wood Pr. pf.	$1.75	July 2	June 25
Brit. Mtge. & Tr.	$4	July 2	June 15
Brockville Trust	62½c	July 2	June 20
Buff. Ankerite	25c	Aug. 15	Aug. 1
Biltmore Hats, c.	25c	July 15	June 30
Beattie Gold	5c	Aug. 20	July 29
Brant. Cordage p.	32½c	July 15	June 20
B. A. Oil	25c	July 2	June 15
Burry Biscuit pf.	75c	July 1	June 18
Burt, F. N.	30c	July 2	June 16
Do., pref.	$1.75	July 2	June 16
Beld. Corticelli	$1	July 2	June 15
Do., pref.	$1.75	July 2	June 15
Beatty Bros., 2 pf.	$3.50	July 2	June 12
Bell Telephone	$2	July 15	June 23
Brazilian Tr., pf.	$1.50	July 2	June 15
B. C. Power, A	50c	July 15	June 30
Burlington Steel	15c	July 2	June 15
Building Prod., A, B	50c	July 2	June 15
Bk. of Nova Scotia	$3	July 2	June 15
Brazilian Tr.	50c	July 5	May 31
Bk. of Canada	$1.12	July 2	May 31
Bralorne Mines	15c	July 15	June 30
Do., extra	10c	July 15	June 30
B. C. Elec. Pr., pf.	$1.50	July 2	June 20
Can. Nor. Power	30c	July 25	June 30
Do., pref.	$1.75	July 15	June 30
Central Can. Loan	$2	July 2	June 19
Can. W'lpaper, A, B.	$1	July 11	July 4
Celanese of Amer. pr. pf.	$1.75	July 1	June 17
Comm. Alcohols, pf.	10c	July 15	July 1
Can. Perm. Mtge.	$2	July 2	June 15
Can. Cottons	$1	July 2	June 17
Do., pref.	$1.50	July 2	June 17
Can. Canners, 1st p.	25c	July 2	June 15
Do., conv. pfd.	15c	July 2	June 15
Can. Gen. Elec.	$1.50	July 1	June 15
Can. Gen. Invest.	12½c	July 15	June 30
Chartered Trust	$1	July 2	June 15
Can. Car & Fdy., pf.	44c	July 11	June 24
Can. For. Invest.	40c	July 1	June 15
Do., pref.	$2	July 1	June 15
Canadian Oil, pref.	$2	July 2	June 20
Consumers' Gas	$2.50	July 2	June 15
Cosmos Imp., pref.	$1.25	July 15	June 30
Cons. Bakeries	25c	July 2	June 15
Cariboo Gold	2½c	July 2	June 8
Do., extra	1½c	July 2	June 8
Crown Life	3%	July 2	June 30
Crown Trust	$1	July 2	June 30
Canada Bud	20c	July 26	July 15
Can. South Rly.	$1.50	Aug. 2	June 28
Can. Am. Tr. Shs.	.086	June 30	....
Canada Life	$5	July 2	June 30
Can. Bk. of Com.	$2	Aug. 1	June 30
Can. Foundries, A	25c	July 2	June 15
Carnation Co. pf.	$1.25	July 1	June 18
Carnation Co., c.	25c	July 1	June 18
Can. Bread, 1st pf.	$1.25	July 2	June 20
Do., "B" pref.	62½c	July 2	June 20
Do., arrears	12½c	July 2	June 20
Canada Packers	75c	July 2	June 15
Can. Light & Pr.	50c	July 15	June 25
Can. Westinghouse	50c	July 1	June 20
Can. Wire. Box.	37½c	July 2	June 15
Cons. Smelters	50c	July 15	June 20
Do., extra	50c	July 15	June 20
Coniagas Mines	12½c	Aug. 8	July 30
Can. Fairbanks, pf.	$1.50	July 15	June 30
Can. Fire Ins.	$2	July 2	June 18
Can. Indust., A, B	$1.50	July 30	June 30
Do., pref.	$1.75	July 15	June 30
Can. Int. Tr. Shs.	.1347	July 1	....
Do., modified	.1297	July 1	....
Can. Breweries, p.	50c	July 15	June 30
Can. Bronze	37½c	Aug. 1	July 20
Do., pref.	$1.25	Aug. 1	July 20
Dominion Fire	$3	July 2	June 20
Dominion Tar, pf.	$1.37½	Aug. 1	July 12
Dom. Foundries, c.	40c	July 2	June 20
Dominion Bank	$2.50	July 2	June 20
Dom. Textile	$1.25	July 2	June 20
Do., pref.	$1.75	July 15	June 30
Dome Mines	$1	July 20	June 30
Dominion Coal, p.	38c	July 2	June 15
Dom. Glass	$1.25	July 2	June 15
Do., pref.	$1.75	July 2	June 15
East. Steel Prod. pf.	$1.75	July 2	June 15
East. Theatres, pf.	$3.50	July 30	June 30
Ensign Insur.	$1.50	July 2	June 15
Excelsior Life	$1.20	July 2	June 20
Fernie Brewing	60c	July 2	June 14
Do., extra	15c	July 2	June 14

DIVIDEND NOTICES

The Canadian Bank of Commerce

Dividend No. 206

Notice is hereby given that a dividend of two per cent in Canadian funds on the paid-up capital stock of this Bank has been declared for the quarter ending 31st July, 1938, and that the same will be payable at the Bank and its Branches on and after Monday, 1st August next, to shareholders of record at the close of business on 30th June, 1938. The Transfer Books will not be closed.

By Order of the Board,

A. E. ARSCOTT,
General Manager.

Toronto, 24th June, 1938.

Penmans Limited

Dividend Notice

NOTICE is hereby given that the following Dividends have been declared for the quarter ending the 31st day of July, 1938.

On the Preferred Stock, one and one-half per cent (1½%), payable on the 1st day of August to Shareholders of record of the 21st day of July, 1938.

On the Common Stock, seventy-five cents (75c) per share, payable on the 15th day of August to Shareholders of record of the 5th day of August, 1938.

By Order of the Board.

C. B. ROBINSON,
Secretary-Treasurer,

Montreal,
June 27, 1938.

Canadian Wallpaper Manufacturers Limited

NOTICE is hereby given that a dividend of One Dollar ($1.00) per share has been declared on the Class A. and Class B. shares of the Company, payable on and after July 11th, 1938, to shareholders of record at the close of business on July 4th, 1938.

By Order of the Board,

JOHN PRESCOTT,
Secretary-Treasurer,

Toronto, June 22nd, 1938.

Dividends Declared (Cont'd)

	This payment	Date payable	Date of record
Goodyear Tire	63c	July 2	June 15
Do., pref.	62½c	July 2	June 15
Gt. Lakes Pwr. pf.	$1.75	July 15	June 30
Gt. West. Life	$5	July 2	June 20
Gatineau Pwr., p.	$1.25	July 1	June 1
Guaranty Trust	$2.50	July 15	June 30
Greening Wire	15c	July 2	June 15
Goderich Elev.	25c	July 2	June 15
Gachin Gold	17c	June 30	June 15
General Trust, p.	$1.50	July 2	June 25
Grey & Bruce Tr.	2%	July 2	June 20
Guarantee of N. A.	$1.50	July 15	June 30
Do., extra	$2.50	July 15	June 30
Guelph & Ont. Inv.	$1.50	July 2	June 20
Guelph Trust	$1.50	July 2	June 20
Hollinger Cons.	5c	July 15	June 30
Do., extra	5c	July 15	June 30
Hudson's Bay, pf.	2½%	July 1	....
Hedley Mascot	3c	July 2	June 1
Do., extra	1c	July 2	June 1
Hinde & Dauch	25c	July 2	June 15
Hamilton Cot., pf.	50c	July 1	June 15
Huron & Erie Mtge.	$1	July 2	June 15
Harding Carpets	10c	July 2	June 15
Inter. Nickel, pfd.	$1.75	Aug. 1	July 2
Ind. Acceptance, A	50c	June 30	June 27
Do., pref.	$1.25	June 30	June 27
Industrial Mtge.	$1	July 2	June 16
Int. Metal, pfd. & pf. A	$1.50	Aug. 1	July 15
Inter. Power, pfd.	$1.50	July 2	June 15
Imperial Bank	$2.50	Aug. 1	June 30
Inter. Bronze	37½c	July 15	June 30
Do., pref.	37½c	July 15	June 30
Intercol. Coal	$3	July 2	June 22
Do., pref.	$4	July 2	June 22
Inter. Milling pf.	$1.25	July 15	July 2
Inter. Utilities pf.	$1.75	Aug. 1	July 20
Do., $3.50 pref.	87½c	Aug. 1	July 20
Int-State Rlty. A.	28c	July 1	June 15
Invest. Found. pref.	75c	July 15	June 30
Jam. Pub. Ser., p.	$1.75	July 2	June 15
Do., B pref.	1¾%	July 2	June 15
Do., com.	43¾c	July 2	June 15
Lambton Loan	$1	July 2	June 16
Kootenay Belle	4c	July 22	July 15
Do., extra	1c	July 22	July 15
Landed Bkg. & L.	$1.25	July 2	June 15
Lang, John A.	17½c	July 2	June 15
Mtl. L. H. & Pr.	38c	July 30	June 30
Montreal Tele.	80c	July 15	June 30
Mitchell, J. S., pf.	$1.75	July 2	June 15
McColl-Front. pf.	$1.50	July 15	June 30
Manufacturers Life	$6	July 2	June 27
Midland Loan	40c	July 2	June 15
Montreal Trams.	$2.25	July 15	July 4
Mtl. C. & D. Bk.	$3	July 2	June 15
Do., bonus	$1	July 2	June 15
Moore Corp., p. A B	$1.75	July 2	June 8
Do., com.	40c	July 2	June 8
National Trust	$2	July 2	June 20
Niagara Wire	50c	July 1	June 17
Noranda Mines	$2	July 27	June 10
Nat. Biscuit	40c	July 15	June 17
Nat. Biscuit	40c	Oct. 15	Sept. 16
Do., pref.	$1.75	Aug. 31	Aug. 12
Nat. Breweries	50c	July 2	June 15
Do., pref.	44c	July 2	June 15
Nat. Steel Car	50c	July 15	June 30
N. S. L. & Pr., ord.	$1.50	July 2	June 18
Nat. Grocers pref.	$1.75	July 1	June 18
N. B. Tele., c.	12½c	July 15	June 30
North Star Oil pf.	8¾c	July 2	June 15
New Eng. Pwr., pf.	$1	July 1	June 22
Do., 2nd pref.	33⅓c	July 1	June 22
Ogilvie Flour c.	25c	July 2	June 20
Ottawa El. Rly.	40c	July 2	June 15
Ont. Loan & Deb.	$1.25	July 2	June 15
Ottawa L. H.	$1.50	July 1	June 15
Do., pref.	$1.25	July 1	June 15
Pioneer Gold	10c	July 2	June 1
Premier Gold	3c	July 15	June 15
Power Corp., pf.	$1.50	July 15	June 30
Do., 2nd pfd.	75c	July 15	June 30
Do., com.	*30c	July 25	June 30
Paramount Pic. 1 p.	$1.50	July 1	June 15
Do., 2nd pref.	15c	July 1	June 15
Prov. Paper, pfd.	$1.75	July 2	June 15
Page Hersey	$1	July 2	June 15
Porto Rico Pwr. pf.	$1.75	July 2	June 15
Prudential Trust	25c	July 2	June 25
Real Estate Loan	$1	July 2	June 12
Reno Gold	3c	July 2	June 10
Riverside Silk, A	50c	July 2	June 14
Remington Rand	20c	July 1	June 10
Do., pfd.	$1.12½	July 1	June 10
Rob. Cons. Cone	25c	July 2	June 15
Smith, H., Pap., pf.	$1.50	July 15	June 30
South. Can. Pr., pf.	$1.50	July 15	June 20
South. Can. Pr., c.	20c	Aug. 15	July 30
Sherwin-Wms., pf.	‡$1.75	July 2	June 15
Supersilk Hos. pf.	$2.50	July 2	June 17
Sheep Creek G.	3c	July 15	June 30
Do., extra	1c	July 15	June 30
Supertest P. ord. c.	50c	July 2	June 17
Do., extra	25c	July 2	June 17
Do., pref. B	75c	July 2	June 17
Stedman Bros.	15c	July 2	June 20
Do., extra	10c	July 2	June 20
Do., pref.	75c	July 2	June 20
Sun Life	$3.75	July 1	June 15
Saguenay Pr., pf.	$1.37½	Aug. 1	July 15
Securities Hold., pf.	60c	July 2	June 22
Silverwood, pf.	†20c	July 15	June 30
Stand. Fuel, pf.	$1.62½	July 1	June 15
Steel of Can.	43¾c	Aug. 1	July 7
Do., pref.	43¾c	Aug. 1	July 7
Silbak Prem.	†4	July 25	July 5
Trusts & Guar.	$1	July 2	June 24
Tamblyn	20c	July 2	June 17
Do., pref.	62½c	July 2	June 17
Tor. Gen. Trusts	$1	July 2	June 18
Tuckett Tob., pf.	$1.75	July 15	June 30
Teck-Hughes	10c	July 2	June 10
Toronto Mtge.	$1.50	July 1	June 15
Tip Top Tailors	15c	July 2	June 17
Do., pref.	$1.75	July 2	June 17
Toburn Gold	2c	Aug. 22	July 22
Do., extra	2c	Aug. 22	July 22
Un. Bond & Sh.	a15c	July 15	June 30
Un. Gold Eq. st. & c.	3c	July 15	July 5
Ventures	12½c	July 5	June 17
Viau Ltd., pfd.	$1.25	July 2	June 20
Waterloo Trust	$2.50	July 2	June 23
West Koot. Pr., pf.	$1.75	July 2	June 20
Wabasso Cotton	25c	July 2	June 18
West. Assur., pfd.	$1.20	July 2	June 30
Western Grocers	75c	July 15	June 20
Do., pref.	$1.75	July 15	June 20
Weston, Geo., c.	20c	July 2	June 15
Wright-Harg.	10c	July 1	May 23
Do., extra	5c	July 1	May 23

‡On arrears. *Interim. †Initial.
aDividend of 20 cents Oct. 15, 1938, has also been declared.

A. J. PATTISON JR. & CO. Ltd.
Established 1907
CORPORATION SECURITIES
Royal Bank — EL. 5101
TORONTO

THE BRITISH EMPIRE TRUST

A SOUND POSITION

Mr. J. Davidson's Review

The Thirty-seventh Ordinary General Meeting of The British Empire Trust Company, Limited, was held on June 20th at the Abercorn Rooms, Liverpool Street, London, E.C., Eng.

Mr. J. Davidson (chairman and managing director) presided and said, in part:

Our association with Canada and Canadian investments during the past 37 years is so well known that some statement by me regarding conditions in the Dominion of Canada has come to be expected at our annual meetings. It is impossible at a meeting of this kind to do more than give an outline of conditions. Generally speaking, the improvement in 1936 was continued well into 1937, although some recession took place in the latter part of that year. The year 1937, however, taken as a whole, compares favourably with 1936.

Soil Conditions Now More Favourable

While the results for the year, taken as a whole, with the exception of wheat, were satisfactory, there was, as I have said, a recession during the latter part of 1937. This has continued into the present year, accompanied by a fall in the market price of most commodities and a resultant decline in industrial profits. While soil conditions in Canada are now more favourable than for a good many years past and justify expectations of a generous wheat crop—which may do much to improve general conditions in Canada during the latter part of the present year—the prospects for an all-round improvement must depend to some extent upon conditions in the United States, because the prosperity or otherwise of such a large population of a neighbouring country exerts a substantial influence upon Canadian business.

Whatever may be thought to be the cause, or causes, of American depression, it cannot be expected that any country can attain to anything like a full measure of prosperity while the productive and consuming power of millions of people in Asia and in Europe are reduced, or completely destroyed, by their subjection to political and military adventures. For improvement in trade and profits, therefore, we must look to, and hope for, improvement in world conditions.

Canadian Municipalities

Last year I referred to certain financial difficulties which existed in Canada. I am pleased to say that in some directions these have been cleared up. The cities of Victoria, B.C., Calgary, and Edmonton have, after negotiations with their bondholders, made arrangements which appear fair and reasonable under the circumstances and which have been adopted by a substantial majority of the bondholders in each case. Speaking generally, these arrangements provide for the continued payment of the contracted interest rates and as to principal for extensions of the due dates for an agreed time thereafter at an interest rate of 4½ per cent., the object being to give sufficient time for the gradual and ultimate redemption of the full capital amount of the bonds. That, I think, is a reasonable and fair arrangement.

The only other city whose difficulties I referred to last year is the City of Moose Jaw. Negotiations in this case have not yet proceeded sufficiently far to enable me to make any statement as to probable results, but I am encouraged by the success of negotiations with the other cities to which I have referred to hope that a reasonable and fair arrangement will be reached in this case also.

Disturbing Effect of Alberta's Action

I regret, however, that I cannot report favourably upon the attitude and conduct of the Province of Alberta. So far as the holders of the bonds of that Province are concerned, the position has not improved. Bondholders are still offered only one-half of their proper interest and then only conditional upon signing an undertaking which binds them to accept one-half interest during the entire life of the obligations. Efforts are being made by the bondholders' committees to have the validity of the Act reducing the interest tested in the Courts. Meantime the Government of Alberta shows no sign of abandoning its arbitrary and unjust policy. On the contrary, it recently passed further legislation, which had the effect of confiscating a portion of the money lent on mortgages in Alberta and by heavy penalties, immediately applicable, virtually and intentionally depriving holders of mortgages of the opportunity of bringing the matter before the Courts. Protests from all quarters were made to the Government of the Dominion of Canada to disallow this vicious and unjust legislation which affected thousands of people resident outside the Province of Alberta.

It is gratifying to know that the Dominion Government has disallowed this legislation because, while these happenings do not directly concern holders of Alberta Government bonds, they have an adverse effect upon Canadian investments generally and lower the credit of many trustworthy enterprises in Canada, including the credit of the Dominion itself. One cannot but regret that a country like Canada, so happily remote geographically from the centre of world strife and therefore, in these troubled times, attractive to capital seeking safety, should have its credit injuriously affected by the wild and irresponsible legislation of one Province.

Week in Wheat

More Rainfall Needed To Hold Crop Prospects

Rains During Week Relieve Anxiety in Saskatchewan — Some Rust in Evidence — World Wheat Shipments Light

WINNIPEG.—The wheat market declined at the beginning of the week on the strength of rains which relieved anxiety as to the deterioration of the crop in a considerable part of Saskatchewan.

Rainfall, however, has been uneven, and a good deal more is required promptly to maintain present possibilities. Rust has made its appearance, both in Manitoba and Saskatchewan. Some damage from this source is reasonably to be expected, but whether it is serious or slight will depend upon the nature of the weather to be experienced.

European buying has been slight during the past week, but Liverpool is commencing to take note of the fact that world shipments have been light and to express the opinion that buying from this continent will have to be increased very soon. If such buying should become at all brisk it might have the effect of reversing the tendency, lately in progress, for cash wheat prices to decline close to the basis of the July future. So far there appears to have been no apprehension of a tightness in that delivery, new deliveries by farmers, although small in extent, being sufficient to offset new demand. Use of United States wheat for milling for Canadian supply is also releasing a certain quantity of Canadian wheat for export trade.

Both Italy and France report improved prospects for this year's wheat production, and France now expects crop to be sufficient for domestic needs, although Italy will still require to import considerable quantities.

Chicago Sets Pace

Wheat prices in Winnipeg, so far as the new crop is concerned, continue to be largely affected by the course of prices on United States' markets. It is taken for granted that the United States will export large quantities of wheat during the coming crop year and that in consequence Canadian prices must be fairly closely tied up with the level at which American wheat is available in foreign markets. Some spreading operations have been in progress between the markets at Chicago and Winnipeg. The situation is also affected by the fact that overseas buyers, marking forward commitments in the purchase of futures, switch them to the Chicago market whenever it appears to them that the Canadian price is out of line.

• • •

U. S. Control Plans

Washington hopes to exercise some price control in the United States by offering to loan money to farmers on stored grain in order to increase the quantity carried over into another crop year. The price basis, however, is still unknown, though approximately 60 cents per bushel has been mentioned. The extent to which farmers will accept such loans with the obligation of storage is uncertain because those doing so will be committed to participating in the acreage reduction plan. This calls for a cut of about 30% or 20 million acres from that seeded for this year, but few believe that such a large reduction can be carried through.

Some farmers may be willing to co-operate with the Government, but others will just as certainly refuse. Previous efforts to control acreage have proved far from successful.

• • •

A Weather Market

A weather market now prevails in wheat. Considerable price fluctuation is to be expected during the next few weeks as crop reports vary. This applies not only to weather in western Canada, but also to that in the United States and Europe. Total wheat production of the Northern Hemisphere is still a matter of great uncertainty and the possible range covers a variation of perhaps 250 million bushels.

In Europe there has been a good deal of recovery from the damage done by drought and later heavy rains, but the full extent of improvement is still uncertain and unfavorable harvest weather might severely cut yields. Western Canada has already lost some of the production promised two weeks ago, drought having hit some parts of northern Alberta and northern Saskatchewan. Immediate rains will help these areas, but cannot produce a heavy crop.

• • •

U. S. Prospects

Observers are still in wide disagreement as to the wheat possibilities in the United States. There is a huge acreage, greater than ever before, and as growth generally was promising, early estimates based on casual inspection was large. Damage, however, from rust, frost and some obscure bacterial diseases has greatly impeded the filling of the heads over a permanent area. Up to date the damage done by the black stem rust, which is the enemy usually feared in western Canada, has been slight in comparison to that done by leaf rust. The latter is generally regarded as comparatively unimportant, but private reports reaching Winnipeg indicate a very large area in Kansas in which wheat foliage is almost totally destroyed and grain filling very meagrely.

DIVIDEND NOTICES

Montreal Tramways Company

DIVIDEND NOTICE

NOTICE is hereby given that a dividend of Two Dollars and Twenty-five cents ($2.25) per share, for the quarter ending June 30th, 1938, has been declared upon the paid in Capital Stock of the Company, to Shareholders of record on Monday, the 4th day of July, 1938, at 4 o'clock p.m. and payable on Friday, the 15th day of July, 1938.

By order of the Board,

PATRICK DUBEE,
Secretary-Treasurer.

Thursday, June 23rd, 1938.

SOUTHERN CANADA POWER COMPANY LIMITED

Common Dividend No. 43

A DIVIDEND of Twenty Cents (20c) per share, being at the rate of 80c. per annum, on the no par value COMMON STOCK of Southern Canada Power Company, Limited has been declared for the quarter ending July 31st, 1938, payable August 15th, 1938, to shareholders of record at the close of business on July 30th, 1938.

By order of the Board,

L. C. HASKELL,
Secretary.

Montreal, June 17th, 1938.

Canada Bud Breweries Limited

DIVIDEND NOTICE

Notice is hereby given that a dividend of Twenty Cents (20c) per share on the 150,000 outstanding no par value common shares of Canada Bud Breweries Limited, has been declared payable on the 26th day of July, 1938, to shareholders of record at the close of business on the 15th day of July, 1938.

By order of Board of Directors.

E. J. KAY,
Secretary-Treasurer.

Toronto, June 24th, 1938.

Hollinger Consolidated Gold Mines Limited

DIVIDEND NUMBER 307
EXTRA DIVIDEND NUMBER 45

A regular dividend of 1%, and an extra dividend of 1%, making 2% in all, have been declared by the Directors on the Capital Stock of the Company, payable on the 15th day of July, 1938, to shareholders of record at the close of business on the 30th day of June, 1938.

Dated the 24th day of June, 1938.

I. McIVOR,
Assistant-Treasurer.

Canadian Bronze Company Limited

DIVIDEND NOTICE.

THE quarterly Dividend of 1¼% on the PREFERRED STOCK of CANADIAN BRONZE COMPANY, LIMITED, has been declared payable the 1st day of August, 1938, to Stockholders of record as of the 20th day of July, 1938.

Also a quarterly Dividend of Thirty-seven and one-half (37½) Cents per Share has been declared on the present outstanding COMMON STOCK of CANADIAN BRONZE COMPANY, LIMITED, for the three months ending July 31st, 1938. Payable the 1st day of August, 1938, to Stockholders of record as of the 20th day of July, 1938.

By Order of the Board.

W. C. PAQUETTE,
Secretary.

Montreal, P.Q.,
June 24th, 1938.

CANADIAN GENERAL INVESTMENTS LIMITED

Dividend Notice

NOTICE is hereby given that a dividend of Twelve and one-half cents (12½c) per share on the paid-up capital stock of the Company has been declared to shareholders of record June 30th, 1938, payable July 15th, 1938.

SHARE WARRANT holders will present Coupon No. 40 at the Main Office of the Bank of Montreal in Victoria, Vancouver, Calgary, Edmonton, Winnipeg, Montreal, Halifax, St. John, or at the King and Yonge Streets Branch, Toronto, where payment will be made at par.

By order of the Board.

E. M. STRAIN,
Secretary.

220 Bay St., Toronto.

Int. City Baking Calls Meeting

Will Consider Cash Offer for Property — 40% on Bonds

From Our Own Correspondent

MONTREAL.—Inter City Western Bakeries has called a meeting of the first mortgage bondholders for July 29 to consider a compromise or arrangement between the company and the bondholders whereby the assets of the company will be sold for $615,000 cash and the cash distributed among the bondholders, preferred and common shareholders. This is in line with previous announcements and the cash offer, as indicated in The Financial Post, comes from the George Weston Co.

Under the terms of the agreement, general releases have been granted by the company and Lake of the Woods Milling Co. to each other and 7,870 shares of preferred and 115,000 shares of common, formerly held by the Lake of the Woods Milling, have been surrendered and will not be voted at the meeting. Under the agreement, these shares will be cancelled and will not share in the distribution.

Pay 40% on Bonds

The agreement provides that $582,480 will be available for distribution to the first mortgage bondholders. This is equivalent to 40% of the principal amount of the bonds outstanding.

The holders of the preferred stock will receive $15,565, equal to 50 cents a share and the common shareholders will receive $1,500, equal to 10 cents a share, if the deal is accepted.

The balance of the $615,000, amounting to $15,475, will be applied against the payment of costs and expenses incidental to the carrying out of the transaction. The company may hold in trust all, or any part, of the money accruing to the preferred and common shareholders for all purposes in connection with the arrangement and in relation to the surrender of the charter and the dissolution of the company.

Commodities

Commodity markets have continued to advance strongly though gains have not been uniform. Best performers have been those of an industrial character such as cotton, rubber, and silk. On the other hand, grains and some livestock have been weaker. This explains the small gain in Canadian government indices as against substantial firmness in those of United States where wheat, for instance, does not dominate the list.

The recent rise, which has long been expected and predicted, is dictated, of course, by the gradual depletion of inventories of both finished goods and raw materials. However, these inventories are not believed at such a low point as to justify any boom or even the sudden and steep rise of a year ago. Then, it will be remembered there was grave danger, in United States especially, of industrial strife. Wages were mounting rapidly. Under such conditions accumulation of inventories was regarded as a natural precaution.

Price Range

	Latest week	Previous week	Same week last yr.
Cattle	$8.10	$8.50	$9.75
Hogs	11.90	11.50	10.15
Copper, lb.	.09	.09	.14
Cotton, lb.	.0885	.0851	.1274
Rubber, lb.	.1395	.1225	.1956
Sugar, raw, lb.	.0266	.0270	.0345
Silk, lb.	1.68	1.63½	1.89½
Wheat, Man. (bus.)	1.08½	1.17⅞	1.25¼
Coffee, lb.	.04⅞	.04⅞	.09⅜
Hides	.09	.08⅛	.15¼
Weekly Indices			
Canada (D.B.S.)	80.2	80.3	84.2
Do., Wood, Gundy	53.5	51.6	52.5
U. S. Labor	78.4	77.8	86.5
Dow Jones (future)	49.17	47.91	70.51
Crumps (Brit.)	73.0	72.0	82.3
Fishers'	81.1	81.0	91.9

Monthly Indices

	Latest month	Prev. month	Same last year
Canada (D.B.S.)			
Retail (May)	84.2	84.3	82.8
W'sale (May)	80.3	82.3	85.2
U. S. (Apr.)	78.7	79.7	88.0
Gt. Brit. (Mar.)	104.1	105.8	107.3

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1930 base.

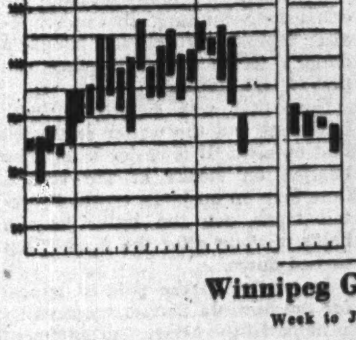
Base of price quotations is as follows: Cattle — Steers, good, over 1,050 lb., top price, Toronto; Copper-electrolytic, New York; Silk — Japanese, 13-15 New York; Sugar — 96 degrees centrifugal c/f New York; Wheat — No. 1 Man. North, Ft. W.-Pt. A. Basis; Hides — No. 1 packer light.

Foundation Meeting Routine

From Our Own Correspondent

MONTREAL.—Foundation Co. of Canada's annual meeting was a routine affair, the annual report being adopted and directors re-elected.

Wheat Prices



(Cash Quotations)

	For Week June 28 High	For Week June 28 Low	Prev. Week High	Prev. Week Low
1 Northern	1.15	1.06	1.18⅛	1.15
2 Northern	1.14	1.04	1.16⅛	1.13
3 Northern	1.05½	1.01	1.11⅛	1.06
4 Northern	.99	.94	1.01⅛	.96
5 Wheat	.75⅛	.72	.75⅝	.72¼
6 Wheat	.69⅛	.66	.69⅝	.66¾
Feed Wheat	.67⅛	.64	.67⅝	.64¾

Competitive Export Prices:
June-July shipments:

	Week to June 28 High	Week to June 28 Low
No. 1 North. (Van.)	1.32¼	1.27
No. 3 North. (Atlan.)	1.25¼	1.20⅝
Australian (afloat)	1.01½	1.00¼
Indian (choice Karachi)	.93¾	.92
U. S. Hard Winters	1.10⅝	1.08
U. S. White Pac.‡	.94	.90¾
Argentine Barusso	1.06½	1.04½
Russian†	1.06½	1.05½

†New crop July.
‡Loading.

Winnipeg Grain Futures

Week to June 28, 1938

Crop year from Aug. 1, 1937 High	Low		Open June 22	High for week	Low for week	Close June 28	Close year ago
		Wheat					
1.22½	.88½	July	1.09	1.10	1.03	1.03	1.35⅝
1.03	.73¾	Oct.	.87¾	.88½	.83⅞	.84	1.31⅛
.86⅝	.73¼	Dec.	.85¼	.85⅝	.81⅝	.81½	1.29½
.88⅛	.83	Nov.	......	.86⅝	.83	.83⅛	......
		Oats					
.49	.40⅝	July	.47⅛	.49	.45⅝	.45⅝	.39½
.44	.35	Oct.	.38⅜	.39⅛	.36⅞	.36⅞	.40⅝
.35⅝	.32⅛	Dec.	.35⅝	.35⅝	.33⅝	.33⅞	.47
		Barley					
.63⅜	.50⅞	July	.55½	.55½	.50⅞	.50⅞	.66½
.55	.47⅛	Oct.	.50⅜	.50⅜	.48⅜	.48⅜	.64¼
.49¾	.46⅞	Dec.	.47⅞	.49¼	.47¼	.46⅛	.64¼
		Flax					
1.77¾	1.32½	July	1.45¾	1.50	1.45½	1.46¾	1.73⅛
1.52	1.33⅛	Oct.	......	1.51	1.46	1.48	1.75⅞
		Rye					
.86½	.49½	July	.55	.55	.51⅝	.51⅝	1.29½
[illegible]	[illegible]	Oct.	.55	.55	.52	.52	.94¼
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Ontario Soft Wheat Flour Said Ousted by Australian

Growers of Ontario's winter wheat and the millers who make it into special pastry type flour have made strong representations to the Railway Board for a lower freight rate on wheat and flour from western Ontario points to seaboard. They claim that under present circumstances they are facing unfair competition from Australia and the United Kingdom and they fear being completely driven out of the export market.

Average winter wheat crop in Ontario is about 17.5 million bushels. This year favorable weather will probably result in a yield 1.5 million above average. Normally, according to the Ontario Flour Millers' Association, the domestic market absorbs about four million bushels for flour purposes, the remainder must be exported either as wheat or flour or be fed to livestock. The average farmer, however, grows winter wheat as a cash crop and regards it as too valuable a grain to be used for feed.

Want Lower Freight

Freight rate to seaboard from western Ontario points is 21 cents per cwt. but foreign grain moved in the other direction is only charged 13 cents. Ontario millers are asking for a 13 cent rate on wheat and flour shipped to the Atlantic. They claim that this low export rate is just as necessary for them as the present low export grain rate is necessary for the West.

Australian and other cheap flour, they claim has largely driven them out of their old well established markets in the West Indies, Newfoundland and Great Britain. It has also driven them out of British Columbia.

Competition

Due to the high freight rate from western Ontario points to seaboard flour from other countries can be landed in all the places mentioned cheaper than that milled in Ontario. To encourage an export trade flour and grain from western Canada is granted a special low freight rate. As over 75% of the Ontario winter wheat crop must find an export outlet to be sold profitably, it is argued, that a similar low export rate should be provided.

Early this month the crop will be harvested and farmers are reported to be getting anxious about prices. A year ago it was worth from $1.10 to $1.20 per bushel, recently 70 to 75 cents. There is also reported to be a substantial unsold surplus from the 1937 crops still in farmers' hands.

C. P. R. Drops Million in Net

Operating Returns for May Reflect Decline in Traffic

From Our Own Correspondent

MONTREAL. — Net earnings of the Canadian Pacific Railway declined by more than $1.1 million in May as compared with the same month last year, net for the month amounting to $422,118. The decline is entirely due to lower revenues as operating expenses were down slightly.

For the first five months of the year the C.P.R. reports a drop of $4.9 millions in net earnings. Net for the period totals $2.1 millions as against $7 millions in the same period of 1937. Expenses for the five months were $666,708 higher.

Comparative earnings figures are given below:

	1938 $	1937 $
Month of May		
Gross earnings	10,562,620	11,834,197
Working expenses	10,140,508	10,259,978
Net earnings	422,118	1,574,219
Five Months Ended May 31		
Gross earnings	51,142,584	55,371,298
Working expenses	48,972,964	48,306,256
Net earnings	2,169,620	7,065,042

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Pulp and Paper Industry

Japan Holds Key to Sulphite Market

Canadian Operators Mark Time Until Eastern Situation Clears

From Our Own Correspondent

MONTREAL.—The cut in American Sulphite pulp prices last week is not expected to have any material affect on the market; or at least until such time as the surplus stocks have been cleaned up. Japan holds the key. Meanwhile:

Fraser Cos. are working about 4½ days a week, as compared with full-time operations a year ago;

Port Royal Pulp is closed down for an indefinite period;

Canadian International Paper closed down its Hawkesbury mill about the middle of last month and will reopen on July 4;

The Kipawa mill of C. I. P. is still operating on a more or less full-time basis, but the $2 million sulphite mill constructed by the company at Gatineau has still to go into operation;

Hits Coast Mills

B. C. Pulp & Paper has closed down its mills at Woodfibre and Port Alice and there is no indication of an early opening.

The Chandler mill, taken over, reconditioned and put into operation last year by interests closely associated with Anglo-Canadian Paper Mills, is still in operation; while many of the newsprint companies which were selling surplus sulphite pulp have found that the market has vanished for the time being.

Book Sulphite Improving

The foregoing is a brief outline of the operating position of the major pulp producers in this country.

Sulphite pulp for the manufacture of the better grades of paper is in fair demand, but the difficulty in this field is getting the surplus stocks off the market.

Distress Pulp Handicaps

When a possible shortage loomed up in the United States in the early part of last year, many of the large producers contracted ahead for their supply. This was done with the European producers, as the North American operators follow the policy of selling for current requirements.

With the drop in requirements and the continued receipt of these "forward" contract shipments, there has been a considerable amount of distress pulp appearing on the American market which has been the principal cause of the depressed prices.

It is known that shipments are now being made to the States by European producers, contracted for as far back as 1936. As the buyers do not now need the pulp, they have dumped it on the open market which has made for low prices. Naturally the opportunity to pick up "distress" pulp on favorable terms has caused buyers to buy their pulp in this way rather than direct from the domestic or Canadian producers.

Spruce wood pulp sheets—first stage of cellulose.

However, as far as the American sulphite market is concerned, the situation is clearing up and producers are hopeful that by the fall market conditions will be more or less normal. Further, if business picks up, it would not take long to absorb the distress stocks.

Rayon Pulp a Problem

The high-grade sulphite used in the manufacture of artificial silks is causing more concern. There are two markets to consider—the domestic and export.

Domestic producers of artificial silks went ahead last year and produced on far too large a scale (as it turned out to be), with the result that the quantity of yarn and woven and knitted fabrics on the market is in excess of requirements.

Good progress has been made in liquidating these surplus stocks of rayon and primary producers are hopeful that before the end of the year the situation will be back to normal.

Japanese Situation Difficult

The outlook, despite the more encouraging domestic picture, is beclouded by the export situation, especially in Japan.

One of the principal contributing factors to the rapid expansion of the rayon pulp industry in recent years has been the amazing growth of the rayon industry in Japan. Without a pulp supply of its own, Japan has been wholly dependent upon imports.

With cheap labor and subsidies from the government, the Japanese rayon manufacturers have literally flooded the markets of the world with cheap rayon fabrics. The Sino-Japanese war, however, has made it difficult for manufacturers to secure foreign credits. Consequently that market has dried up in recent months.

Rayon pulp producers have been faced with the serious problem of how to secure another market for their output until such time as Japan resumes buying and what to do in the event Japan develops its own source of pulp.

In the last two years Japan has been importing 230,000 tons of rayon pulp annually; a good proportion of which came from the United States and Canada. Operators like B. C. Pulp, Brown Co., Port Royal Pulp and others have catered very largely to that market.

Difficulties Ahead

If Japan does not re-enter the market shortly, the producers of the 230,000 tons of rayon pulp are going to find it necessary to establish new trade connections; cut the price in the hope of stimulating consumption; or lower the grade to meet the needs of the fine paper manufacturers.

Were it not for the Japanese problem the sulphite pulp market would be in reasonably good shape. But the high grade or rayon pulp market will continue weak until the Japanese situation is cleared up.

MINAS BASIN EXPANSION

As part of an extensive capital programme Minas Basin Pulp and Power Co. of Hantsport, N.S., has completed a new power development on the St. Croix River. Installed capacity is 2,900 h.p. and provision has been made for another 2,900 h.p. unit if and when necessary.

Speculative Buying Boosts Newsprint Bond Values

From Our Own Correspondent

MONTREAL.—Sharp advances in the value of Abitibi, Consolidated, Brown's, and M. and O.'s have been the exception, rather than the general rule, for "paper" bonds.

Widespread speculative interest in the first two bond issues has created an impression that all the paper bonds have scored substantial advances over the past month, but such is not the case. Generally speaking the list is stronger, but in the last four weeks values have not undergone any material change. Further the current values are still below the average prevailing a year ago. For example, Abitibi bonds at 57 are still 38 points below their price at this time last year. Consolidated has to move up another 40 points to reach the 1937 level; Donnacona's 11; M. and O's, 29, etc.

The fine paper group has made a much better showing. The bonds of the three companies in this field have experienced very little fluctuation in value and currently are as high as they were a year ago.

The trend of "paper" bond values over the past year and the change in the past month follows:

	1937	1938	
	June	May 3	June 28
Abitibi, 5's	95	41	57
Brown Co's., 5½'s	..	41	50
C. I. P., 6's	100½	87½	92
Cons. Paper, 5½'s	87	36	46¾
Donnacona, 4½'s	84	65½	73
Fraser, 6's	103	95	95
Great Lakes, 5's	94½	87	90
Lake St. John, 5½'s	100	86	88
M. & O., 6's	65	27	36
Price, 5's	99	91	93
Provincial, 5½'s	102½	101	101
Restigouche, 6's	114	95	95
Rolland, 4½'s	102½	103	102¾
H. Smith, 102½	103	102½	103

Pulpwood Loaders Pay Advanced by N. B. Board

From Our Own Correspondent

MONTREAL. — Men engaged in loading pulpwood on vessels in the counties of Restigouche, Gloucester, Northumberland and Kent, will benefit from increased wages as a result of the issuing of order No. 16 by the New Brunswick Fair Wage Board.

The new order provides that wages paid to employees engaged in loading pulpwood on vessels, "shall be not less than 45 cents an hour. This rate shall apply to all employees engaged in handling pulpwood from the time it reaches the dock or wharf within reach of the ship's tackle. The provisions of the order shall continue in full force and effect until cancelled or amended by the Fair Wage Board."

Pulp and Paper Loadings Show Seasonal Upswing

From Our Own Correspondent

MONTREAL. — A seasonal improvement in carloadings of both pulpwood and pulp and paper is noted in the Canadian railway traffic returns for the week ended June 18. Both divisions registered moderate increases, though the total is still well below that reported a year ago.

Following are the comparative returns for the weekly and cumulative totals of 1938 and 1937:

Carloadings of Pulpwood	
Week ended June 18, 1938	1,303
Week ended June 19, 1937	1,881
Loadings to Date	
1938	52,240
1937	40,636
1936	30,290
Pulp and Paper Carloadings	
Week ended June 18, 1938	1,546
Week ended June 19, 1937	2,503
Loadings to Date	
1938	42,198
1937	66,728
1936	54,308

Valleyfield Mill Destroyed by Fire

Damage Estimated Up to $250,000 — Covered by Insurance

From Our Own Correspondent

MONTREAL.—Damage estimated at between $200,000 and $250,000 was caused when fire destroyed the plant of the Valleyfield Coated Paper Mills Co., at Valleyfield, P.Q. The loss is fully covered by insurance.

The company's office and storeroom, situated in an addition to the building separated from the main plant by a brick wall, escaped. The stock of finished paper is only slightly damaged by water.

Ten Tons Capacity

The Valleyfield plant equipment consisted of three coating machines, with a daily capacity of ten tons. Production comprises five tons of coated boat and litho paper and an equal amount of coated and boxboard and box covering paper per day.

The company produces such specalties as "suitcase" fibre, metallic coated papers and boards.

Great Lakes Paper Co. Plans Wood Storage Unit

From Our Own Correspondent

MONTREAL.—Great Lakes Paper Co. has filed notice with the Minister of Public Works at Ottawa that it intends to build a boom and pier layout for storage of wood on Brule Bay. The company will ask for approval of the proposed works following the usual 30 days delay after filing notice.

Paper Bulletin Backs 1938 Price

Newsprint Survey Claims $50 Price Warranted by Conditions

From Our Own Correspondent

MONTREAL.—Cochran Murray & Co., Toronto, have issued a bulletin on "Newsprint prices of 1938" prepared for them by the Research Department of Cockfield, Brown & Co. The report deals with an explanation of price conditions, and an appraisal of the Canadian position. The material is not new and some of the statements are open to question, such as "it is a demonstrable fact that a price of $50 per ton does not meet the true cost of supplying newsprint from efficient Canadian mills operating at workable maximums of capacity."

In the section dealing with conclusions and opinions the bulletin states: "On the whole, we are of the opinion that the present position of the Canadian manufacturers is as sound as circumstances will permit. Their best policy seems to be to carry along on their present course; provide the customers with more adequate explanations, and allow time to demonstrate that they deserve their customers' confidence.

"This assumes that future price policies of Canadian manufacturers will be moderate. We believe that, under the industry's present management, such an assumption is fully justified. There is no reason why the Canadian manufacturers should not, in due course, command the respect and confidence of their customers, providing customers are willing to reciprocate within reasonable limits."

How to Protect Market Profits Against Turn in the Tide

(Continued from page 1)

side of some issue or other, to which the better informed friend replied, "It wasn't John Jones, it was Jim Black, and he didn't make profit on long side, but on short side. And, as a matter of fact, he took a loss instead of a profit."

It is the story of easy riches that stampedes the uninformed into the market at the top. Brokers know that when the barber and the bootblack are enquiring about the market prices, the dangerous stage is at hand. The mere presence of a horde of the public in the market has always been as pointed a warning of squally weather as a distended brokerage loan account. The "stop, look and listen" warning is usually when a bull market becomes first-page news.

Here another bit of advice may be proffered. Never try to make the market pay for a definite expense or specific need. Thousands have lost their entire speculative stake in a quick play to pay for taxes, an automobile, a fur coat or something of the sort. The "timing" is almost certain to be wrong. Invariably speculation of that character is impulsive, unreasoning; in reality it is nothing more than gambling.

What the public at large is doing is no longer a mystery, in the United States at least. Every day the SEC promptly releases the figures of odd lot transactions on the New York Stock Exchange of the day before. Toward odd-lot trading, brokers who have been in the business for years have a cynical skepticism, based mainly on the evidence that—over the years—the public odd-lot traders have always been wrong.

Odd-Lotters Trade Against Trend

Whether the American authorities believe implicitly in the statement of a former chairman of the SEC that the backbone of security markets has been transferred to the "sticks," is immaterial. Apparently, however, great stress is laid on the odd-lot transactions.

Securities Exchange Commission records of transactions go back to June 7, 1937, just the week before the establishment of the June 14 lows, which represented the first slip of the bear market. During the first month of the record odd-lots bought heaviest at the low levels of June 14 and 15. Buying on balance continued consistently through July and up to the summer high of August 14. As the market turned downward, buying continued though on a fairly moderate scale. Early in September, however, the pace of buying was rapidly increased, [illegible] mid-September, and also in the final week of that month. Most of this time the market was heading downward.

Now, let us see what happened on the panic day in October. The biggest daily excess was on the selling side, proving conclusively that hundreds of small traders were forced out. Then the bargain hunters appeared. In the two days after the dramatic dip and equally sensational recovery, the odd-lots took 1,114,000 shares on balance, or 45% of all the net buying from August 14, date of the midsummer market high. To a student of bull markets the odd-lot operations may be of interest, for certainly the figures show that bargain hunters were out in full force once the news of the panic had been spread throughout the country.

The sequence, however, shows at the time of writing that the odd-lot buying represented no great acumen. The New York industrial-share average closed Oct. 20, 1937, at 134.56. Little over one month later it was 20 points lower at 114.19. Eight months later, June, 1938, the averages are still seven points below the Oct. 20, 1937, closing. All of the evidence confirms the long-established professional opinion that "the little fellow is always wrong."

Crashes Are a Warning

Consider the different manner in which big security holders reacted to the October break. Investment trust reports show these institutions to have been heavy sellers in the final quarter of last year. Bankers and businessmen, to whom the market has a message and to whom the memory of the aftermath of October, 1929, is still vivid, immediately began to trim sail. From the date of the October, 1937, market break the big companies almost instantaneously abandoned forward buying on the ground that the following few months would prove whether the stock market was playing its traditional rôle of discounting business adversity not then visible on the horizon.

Business from October, 1937, almost steadily went down hill, the gravity of the inventory problem throughout the country slowly emerged and the reason for the market slump became all too apparent. To sum up: No matter how cleverly a few individuals may be able to cash in on the automatic rally that always follows a panic, a crash usually is a danger signal instead of a bargain day.

Recall the upheaval that hit Electric Bond and Share in the panic of October, 1929. The leader of the wild utility boom, it was by all odds the most popular individual speculative issue in any market. Originally it had been distributed as a bonus to General Electric shareholders. Its price had multiplied fantastically to the point where hundreds of people almost literally paid it veneration. On the morning of Monday, October 28, Electric Bond and Share opened above 105 and closed at 85; the next morning it opened around 50 a share. In 24 hours the price had been more than halved. What was the sequel?

To be sure, the stock rallied after the establishment of so violent a gap to 117⅞ in 1930, but to help the market price—and inferentially collateral value—the stock only two years later was split back one-for-three. However, today Electric Bond and Share is selling around 8½ the equivalent of about three for the old stock, indicating that the utter collapse in 1929 was no bargain day but a long-term warning.

Natural Extravagance

Long before the underpinnings of a bull market have rotted, a pervasive prosperity has usually flowered into what turns out to be reckless national spending. There was the silk shirt era of 1919, the country club vogue of the 1920's, and the enormous installment buying by the public in 1937. The rise in commodities, dividends and wages, which are the concomitants of expansion, invariably tend to bring about easy living that ignores the stern law of good times and bad.

Now it may be argued that there was no extravagance prior to the collapse of the Roosevelt boom and that high wages were spent for necessities. More people were enjoying only a reasonable standard of living. All this may be true, and yet the number of new automobiles on the road—which was a matter of comment by any careful observer in the first half of 1937—indicated that spending was in greater vogue than saving. To expect higher wages and shorter hours and not to have unsoundly high prices was to defy all the laws of economics.

Tendency toward extravagance is only a superficial sign. What is taking place underneath the business surface is of more real value. No matter how strong may be business activity, no matter how great the momentum of expansion, the possibilities of inventories becoming excessive or of credit accommodations becoming strained must constantly be recognized. Turning away from generalities which may be puzzling to the average investor and getting down to the cause of the 1937 business collapse, the swiftest on record, the only clue available to what was taking place was the subsidence of forward buying all through the summer. Thus, when the period of autumnal business revival occurred in 1937, it took only a further period of subnormal buying to reveal the swollen inventory situation.

Signs of Decline

Just after the market crash of October, 1937, the writer was in the Middle West, seeking first-hand knowledge of what was going on behind the imposing facade of business prosperity. The purpose was to find out whether the stock market had not discerned breakers ahead, of which big business and the politicians were blissfully ignorant. It took only the first call in Akron, the rubber centre, to realize that—in stocking up with goods nine or ten months previously against the possibility of labor disturbances—business had overplayed its hand. A harrassing inventory problem, that was to prove the most serious since 1920, was what was agitating the stock market in the fall of 1937.

Using Horse Sense

Later on, at Chicago, in the course of conversation with the head of one of the biggest merchandising organizations, the query was raised as to the status of inventories. Definite enquiry was made with respect to forward commitments—which are the "contingent liabilities" that can paralyze earnings long after high-priced supplies actually on hand are exhausted. Smiling, the merchandiser replied: "We haven't bought a dollar's worth of goods since the first of last March."

Now that was superb business judgment and the writer expressed that opinion. It is easier to become bearish on stocks at the correct time than on business, especially retail trade, for the latter usually holds up long after the market has turned down.

In answer to the pointed appeal for the formula that so successfully anticipated the future, the statement was, "Nothing magical or mysterious. Come here." Then, turning to a wall chart that pictured the sales curve that ran almost perpendicularly upward, the industrialist added, "Look at that line—straight upward for five years since 1932. No one can expect it to keep on up for 55 years. I decided five years was long enough. No economists told us to quit buying—we don't operate in the higher realms out here."

Another Who Sold

Another incident of the same sort happened to the writer in the summer of 1929. Calling on the president of a company, the shares of which were sky-rocketing on the stock exchange. The trader opened the conversation with the usual, "What do you know?" Leaning back in his arm chair the man replied, "Well, I've been thinking lately about things. The other day I concluded that all that I knew thoroughly was this business in which I've been ever since school. And what struck me was that this was the first time I could ever recall that there wasn't a cloud on the horizon. So I reasoned 'This can't last' and, for your confidential information, I've sold all of my stock." It didn't take long for his business or market fears to be justified. Within 90 days a price war, for which the industry was notorious, had broken out and the stock in a few months was down 100 points.

Stocks always look best at the top. Realizing that, it is often helpful to look back on the career of a bull market leader. In the summer of 1937 Chrysler stock in some quarters was being labelled an investment issue because of its brilliant earnings and huge dividends forced out by the undistributed profits tax. Only a minute or two with the record would have shown that in the 1929-32 depression the stock had gone from around $135 to $5 and had returned to the same 1929 high. The chances were overwhelming that the common stock of a company that still had to compete with Ford and General Motors was certainly no investment bargain, regardless of dividends, at close to the highest prices in its history.

The Best Teacher

Experience may be a dear teacher, but it is the best. It is foolish to rely entirely upon one individual or upon one service. The public, still believing in the mysterious "they" of the market and awed by the marble and mahogany of bank and broker interiors, wants to be told what to do. Rather than digest business facts, it swallows "tips."

"Insiders" can never get you out of stocks. You may be "put into" stocks at an advantageous level by some banker or corporate official in a position to know and to appraise a favorable trend of earnings, but you have to get yourself out. Ignorance of this apparently anomalous situation has cost investors too much money not to call for explanation.

Suppose a director or an industrial executive whispers, "I think the stock is too high." The whisper is repeated to a friend, a relative, the broker, and in no time at all—in a district where "grapevine" travels faster than the telegraph—the selling advice is widespread. Pressure on the stock increases, the price weakens steadily. What is the result? Rumors spring up from nowhere concerning the company, its sales, its credit, the quality of its product, etc. Competitors press every advantage. A chance and well-meant remark by a so-called "insider" can conceivably do immeasurable business damage to an industrial concern.

But though "insiders" cannot sound a warning, even if they had clairvoyant judgment—which they signally lacked in 1937—there are certain characteristic and alarming symptoms which prevail when an advance has reached an unhealthy stage.

The most defined characteristic of a climax to a bull market is excessive activity and unhealthy concentration upon inferior stocks. Today the swirl of dealings at the top may well be less than in the excited markets of the past and, though prophecies are dangerous, certainly nothing like 1929 is likely soon to return. Yet, just prior to the peak of the last bull market, March 10, 1937, there had been weeks of abnormally active dealings with 2,000,000 and 3,000,000-share days a commonplace.

Twelve Years to Double Money

So avid was the public appetite for low-priced stocks, all speculative, that commentators had to sound warnings. For the reasoning speculator, it is safe to say that the same old danger signal of excessive activity, particularly in low-grade issues, will always function at the top of a bull market.

In conclusion, the best advice for the reluctant seller in a bull market is to consider the working of interest. At 6% compound interest, a calculation which assumes that annual income can continuously be employed at 6%, it takes 12 years for money to double. In the stock market money often doubles within a few months and frequently within a year. Why, then, not be satisfied to have 12 years' growth crammed into a short space of time and sit back and wait for the next period of growth-packing for capital? Why naïvely believe that 12 years' growth of capital can be crammed into a year or less without real danger?

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Insurance

Annuity Owners Outlive Term of Life Expectancy

Increased Longevity, Lower Investment Yields May Force U. S. Companies to Advance Single Premium — No Move in Canada

Probability that rates for single premium annuity policies will be increased before very long is indicated by the action of leading United States life insurance companies in boosting rates on this kind of business, effective July 1.

Certain types of policy are being dropped at the same time, it is understood.

Canadian life insurance companies, so far as The Post can determine at present, have not yet planned to increase these rates on Canadian business, but some have co-operated with U. S. companies in raising rates on their American business, and it is presumed that other Canadian companies doing business in United States will eventually follow suit. Increase is understood to average 7% to 10%.

Longer Life

Reasons for the increase are two: Recent studies of the longevity show very strongly that people who take out annuities are living a long time, longer than insurance companies formerly thought. This, naturally, means that the cost to insurance companies is greater.

As one insurance man put it: "The way people who have annuities stay pretty healthy and stay alive is a corker. It really looks as if the peace of mind that security gives them has an awful lot to do with it."

Second reason for the increase is the continued low yield on insurance company investments. After all, payment of the annuity buyer has to return enough interest to the company to bear a considerable portion of the eventual load. Yield on insurance company investments still shows no sign of increasing. With both United States and Canada following a very easy money policy, upturn in interest rates is still some distance away, according to every indication at present.

Although Canadian annuity holders have about the same general length of life as those in United States, one factor making for a difference in situation between the two countries is this.

Yield on insurance company investments in Canada is still generally higher than in United States, probably half to three quarters of 1% higher. Since Canadian companies doing business in the United States have to maintain substantial investments in that country, they also suffer from the low U. S. yields.

U. S. Investment Problem

In that country making good investments in gigantic volume has of late been a very serious insurance problem, and the annuity business has been something of a headache.

At the same time, and for the same reason, annuities have been very popular with U. S. investors because of their relatively higher yield than the individual could find with security elsewhere.

The annuity buyer knows in advance what his income will be at some future time no matter what happens to the stock market or the dollar. The insurance company can't know all that, hence has to take all this risk.

In view of current conditions, and the recently learned extra longevity of annuity owners, it is hardly surprising that insurance companies are requiring a higher price for their services.

Insurance Notes

At the annual meeting of the Life Managers' Club held at London, Ont., the following officers were elected: President, J. W. Taylor, Canada Life; vice-president, Bedell Hamilton, Standard of Edinburgh, and secretary-treasurer, W. H. Robinson. New members of the executive are George Little, London Life, and E. C. Ward, Confederation.

This club was formed five years ago by several managers of life insurance branches in London. Its purpose is to encourage co-operation with a view to improving local agency conditions and systems.

J. A. Sinnott, Montreal Life, spoke on "Agency Organization."

* * *

London Life Insurance Co. announces the appointment of S. S. Jacobson as Winnipeg city manager of its Industrial Branch in succession to J. F. Kennedy who has been transferred to Windsor. Mr. Jacobson has been with London Life for 12 years, and has served the company in Saint John, North Bay, Toronto and Montreal.

* * *

Three managerial changes are announced by Canadian head office of the Metropolitan Life Insurance Co.

John D. Graham, assistant manager at St. Catharines, is promoted to manager of the Westdale (Hamilton) branch.

Edward J. Reuel, formerly of Westdale, is transferred to Brantford.

Alan E. North, who has been manager at Brantford for a number of years, will go to St. Catharines as manager.

* * *

Great West Life Assurance Co. announces the appointment of A. J. Marling, district manager in Sudbury, Ontario. He was formerly in Vancouver.

* * *

The new insurance committee of the Montreal Chamber of Commerce has just held its first meeting under chairman L. Eugene Courtois. It is intended to co-operate with the Provincial Government and companies with a view to obtaining greater protection of insured persons, it was explained.

* * *

The Kitchener branch of the Mutual Life of Canada has moved into more central, larger and better equipped offices. H. A. Schombelmayer is manager.

* * *

N. Roy Humphries, has been elected president of the Life Insurance Cashiers Association of Ottawa. Other officers are: vice-president, Douglas Buckley, secretary-treasurer, Bert Vary, with executive, Edward Knapp and Eric Cameron. The new organization which will hold its first regular meeting in September has been formed for educational purposes and it will hear a number of prominent speakers during the fall and winter session.

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Ontario Plans Job Insurance

Heenan Authorized to Go Ahead With Necessary Preparations

Ontario's plan to inaugurate unemployment insurance without waiting for clearance of the obstacles to a national scheme, may be widened to embrace one or more of the other provinces, Hon. Peter Heenan, Ontario's new minister of labor, told The Financial Post. Mr. Heenan recently declared in Toronto his determination to launch jobless insurance in his province "before the snow is off the ground next winter."

In a cautious amplification of his preliminary announcement, Mr. Heenan advanced the hope that "more than one province will join with us" in establishing unemployment insurance in Canada.

Quebec May Co-operate

The labor minister, recently appointed to succeed the late Hon. M. M. MacBride, declined to specify what province might collaborate but proximity as well as political harmony suggests Quebec as a probable source of co-operation.

Together with Alberta and New Brunswick, Quebec has blocked the Dominion Government's proposal to get unanimous approval of the provinces for national operation of unemployment insurance.

Mr. Hepburn has now urged Mr. Heenan, the latter reveals, to go ahead with the necessary preparations and implement the recorded intention of the Government. As a result of the policy laid down by Mr. Hepburn, officers of Mr. Heenan's department have accumulated considerable data on the workings of unemployment insurance. This has been supplemented by negotiation to utilize the considerable volume of insurance data accumulated by Dominion authorities.

Insurance Problems

Farm Fire Policy

Would you kindly give me the names of a few companies writing farm fire insurance whose rates would be about the same as the farm mutuals?

Because of the system under which farm mutuals operate, and the very low administration costs, it would seem doubtful if you can, over a wide variety of risks, find any other type of fire insurer which offers a rate as low as the average farm mutual rate. For 1937, cost per $100 of fire insurance for members of the average Ontario farm mutual was 30.5 cents.

On certain risks and in certain areas, it is probable that some underwriters will be just as low.

Several of the tariff stock companies are reportedly doing more business in the farm field than for some time, and with the introduction of the rebuilding clause, it is probable that in some cases they can offer a rate comparing favorably.

Complete list of licensed insurers in Canada was given in The Financial Post of April 2, 1938. There companies are listed according to type (whether mutual, tariff or non-tariff) and according to size.

If you would like us to send you a copy of this special issue, kindly accompany your request with 10 cents.

Auto Accident Policy

In a recent issue you mentioned an accident policy available for $5. Would you kindly give me more details about it?

Some policy offering pretty much the same general coverage is offered by most of the companies doing this form of business.

The $5 policy is solely for automobile accidents. For wage-earning men 18 to 65 and wage-earning women 18 to 55 it provides benefits of $1,500 for loss of life, both hands, both feet, sight of both eyes or hand and eye or foot and eye. For loss of one arm or one leg it pays $1,000, loss of one hand or one foot, $750 for sight of one eye, $500. For total disability it pays $25 up to 26 weeks; for partial disability, $12.50 per week for four weeks. For hospital or nursing fees it pays $15 per week up to four weeks, medical fees for non-disabling injuries up to $10 and identification expense up to $100.

For non-wage earners, such as students, retired persons and housewives, age limit for both boys and girls starting at 16, the policy pays the same claims for loss of life and limbs, hospital fees for four weeks at $25 per week, nursing fees up to four weeks at $25 per week, $5 to $100 for operations, up to $15 for anaesthetist, up to $15 for operating room, and up to $15 for X-rays. The policy also pays for three physician's visits in the first week, and two visits a week for the next five weeks.

Claims are paid if the holder is killed or injured while driving, riding in, demonstrating, adjusting or cranking an automobile, or as the result of the explosion or burning of an auto or if he is struck by an auto. It is not issued to chauffeurs, garage employees, firemen, policemen, filling station attendants or proprietors.

New Licenses

The national department of insurance announces grant of licenses to the following companies to transact, in addition to the classes for which they are already registered, the following types of insurance:

The Camden Fire Insurance Assoc.—Inland transportation and personal property.

The North American Accident Insurance Co.—Guarantee insurance, limited to guaranteeing the fidelity of persons in positions of trust, public or private, and executing bonds in legal actions and proceedings.

FIDELITY
Insurance Company of Canada
TORONTO

Following the international convention of insurance supervisors at Quebec City, attended by representatives from every state in the United States and most provinces of Canada, more than 80 of the delegates spent succeeding days cruising on the Saguenay River. Here James W. Simpson (left), superintendent at large of the Sun Life Assurance Co., chats with George A. A. Robertson, superintendent of insurance for the State of Missouri.

Banking

Aberhart's Bank Raids Raise Public Protest

Province-wide Meetings Plead Branches Remain — Resolution Asks Ottawa to Disallow Alberta Legislation Dealing With Banks

Premier Aberhart has chosen to interpret the closing of unprofitable bank branches in Alberta as a plot of "big eastern" interests to punish Alberta and Albertans for their economic experimentation under the Social Credit regime.

Hence, with the usual Aberhart fervor and dogmatism, the national parliament is beseeched to bring pressure on the banks to make them stop closing bank branches in that province.

Ottawa, of course, does not take seriously Mr. Aberhart's threat to establish his own provincial banking system. Banking in Alberta is not very profitable and Mr. Aberhart has a long record of threats, pronouncements and promises that are never again heard of.

The significant thing is that an increasing number of Albertans are beginning to believe that Mr. Aberhart is a big reason for the closing of branches. And they are protesting.

Blame Aberhart

The general public accepts the Aberhart policies as the cause of bank withdrawals, and indeed Social Credit propaganda has built up the expectation that the banks would be forced out. Under these circumstances, Mr. Aberhart's plea that his policies have not forced the banks to begin closing branches, gains scarcely any credence, even in Social Credit circles.

After all, it was Sept. 10 last that G. L. MacLachlan, chairman of the Social Credit Board, declared: "During the next session we are going to make it miserable for the banks—so miserable that it will be hard for them to operate in this province."

In July, Mr. Aberhart declared: "If bank experts cannot formulate a plan to assist in establishing social credit in Alberta, our provincial government experts can help them to do so. Our institutions must serve our people or they are in the way."

Again to quote Mr. MacLachlan of last year: "Finance . . . works so much black magic itself, we may use something else besides black magic before we are through."

Some remote Social Credit groups, responding to Aberhart propaganda that has been circulated for almost a year against the banks, have passed resolutions urging speedier withdrawing of banks from the province. Such groups have taken at face value Mr. Aberhart's prolonged assault upon the banks, and what they make of their leader's recent complaints against the banks closing some branches is difficult to imagine. The Aberhart Government is known to be greatly disturbed over the situation and their attitude contrasts notably with the brave promises of the past that Social Credit would provide credit facilities for the people of Alberta.

Banks Supported

On the whole, the banks have the support of growing public opinion in Alberta in quarters which have never had doubts about the genuine economic service rendered by the banking system and even in quarters of more radical opinion which at this stage no longer put any faith in Mr. Aberhart's pretentions to providing better credit facilities.

C. H. Douglas advised penalizing banks and other financial institutions, and Mr. Aberhart has sought to do so. Bank taxation amounted to $75,406 in Alberta in 1936. It had been increased to $321,000 in 1938, not including municipal property taxes. The average tax per branch in Canada is $588 and in Alberta at the present time it is $1,727. This does not take into account the $2,000,000 tax of 1937 that the Supreme Court ruled ultra vires.

Too Many Losses

The worst of the Social Credit threats to banking has been disallowed. But the main reason for fewer branches is too many losses. So long as the losses are not too great and the prospect of profit not too distant, the branch bank can and is carried on.

But managers of the banks have the same duty to their shareholders and to their clients that a trustee has to an heir, or a doctor to a patient. Stability of the institution at large is their first duty. Too many unprofitable branches, clearly are not consistent with this duty.

The following table shows the number of branches held by each of the chartered banks operating in that province first, in July, 1931, when the depression was moving toward its low, second, is August, 1936, just about the time Mr. Aberhart began to show what kind of a government he intended to provide and third, latest available figures, May, 1938.

Banks:	July, 1931	Aug., 1936	May, 1938
Commerce	75	50	44
Dominion	6	3	3
Banque Nat.	8	5	5
Imperial	25	22	21
Montreal	68	50	49
Nova Scotia	12	9	9
Royal	78	53	47
Toronto	13	13	7
Total	285	205	185

Only 41 of the 221 branches operating in Alberta in 1936 had a profit, the Canadian Bankers Association figures show. And seven of the 41 branches which did show a profit had a profit of less than $300.

The past decade is thought by some observers to have marked the end of one banking era and the opening of another. Business, especially since the depression, has been operating on a hand-to-mouth inventory basis. Need for bank loans has been less and bank loans are the most remunerative of bank services. Whether ever again banks will be able to keep such a large proportion of their cash out at interest with business, and such a relatively small proportion in low yield securities is a question.

Wherever possible, the banks have sought never to leave any community without banking service. One good reason, of course, is that any community which can't support two or three branches may well be able to support one. So that the reduction in number of branches by no means indicates a similar number of communities cut off from bank services.

Some very small localities, previously enjoying the service and prestige of a bank branch, are of course being abandoned. This fact and the way Mr. Aberhart has chosen to interpret the general consolidation that is going on in banking all over Canada has produced citizens' mass meetings in a score of Alberta communities.

Newspaper Reports

Here are just a few newspaper reports:

Camrose — "Resolutions were passed at a mass meeting here of 300 residents urging the retention of banking services in this town. Appreciation was expressed of the service rendered by these banks to the community and district."

Crossfield—"Prime Minister King is requested, in a resolution passed at a recent public meeting, to disallow certain Aberhart acts. The resolution states that increased taxation on chartered banks within the province is discriminatory, unjustifiable and practically intolerable and may result in the closing of bank branches in rural areas."

Wetaskiwin — "Disallowance of four recent acts was requested in a resolution wired to Prime Minister King. Alarm was expressed over the possibility of bank branches being closed throughout the province and a wire was sent to Premier Aberhart asking that steps be taken to allow these institutions to continue their services."

Canada Buys U. S. Dollars

Has Early Commitments — Exchange Market Levelling Out

The foreign exchange market tended to level out last week and while observers do not feel that the air is yet cleared, they are inclined to believe that the jitters of a few weeks past are fairly well eliminated.

It appears that Canada has foreign commitments to meet soon, probably in the United States. The Bank of Canada is still buying foreign exchange in quantity. Most of its added reserve is thought to be in U.S. dollars, a factor which will tend to keep the Canadian dollar weakish.

July should see the United States tourist influx into Canada getting under way. If this summer business reaches anything like normal proportions, it should be important in buoying up the Canadian dollar.

Significant in the currency action of the past week has been the apparent tendency of the Canadian dollar to resume its characteristic performance of the past few years of following sterling rather closely.

Exchange observers here do not take seriously the observation of The London (Eng.) Times that after the Austrian coup d'etat the possibility of Britain being involved in a European war became much more evident and that because of Canada's Imperial connection, this country's dollar lost some of its attractions to foreigners as a "refuge" currency.

Currency traders generally do not believe that the Canadian dollar has ever been seriously considered as a "refuge" currency. Though Canada's equalization fund is understood not to be in operation and though Canada is not a member of the France, Britain, U. S. currency agreement, our money, by force of circumstances, is pretty well tied up with sterling and U. S. dollars and is therefore in large measure subject to the same general influences.

Bank Chat

S. R. James, manager of the Bank of Montreal at Oshawa was recently speaking to the Rotary luncheon on "Canadian Banking." He said:

"As for financial experts . . . they sometimes remind me of an old storekeeper in Newfoundland. He was quite illiterate but had successfully run a general store for many years. He had to give credit so he evolved the system of symbols representing his stock and drew these on scraps of paper which he alone could decipher.

"At the end of each month he dictated his accounts to a schoolboy from his drawing code and thus was everybody happy. One morning George Smith arrived at the store much disturbed. 'See here Mr. Simpson you have me charged with cheese on this here account, but I didn't buy no cheese from you last month.'

"'Just a minute me bye and I'll look into that,' said Simpson.

"After thumbing through his drawings for a few minutes he said, 'Your right. It twarn't no cheese, 'twere a grindstone, but I forgot to put the hole in it.'"

* * *

Veteran of the Canadian Bank of Commerce, David Melville Sanson, recently died at his Toronto home. For the past 23 years he has been vice-president of the chocolate and ice cream company, William Neilson Ltd. Prior to that he was for 22 years with the Canadian Bank of Commerce serving as branch manager at St. Catharines and later at Fernie, B.C. With the gold rush of the Klondike, Mr. Sanson was commissioned to open a branch back in Dawson City. Retiring from the Bank, Mr. Sanson went to Toronto and entered business as an investment broker.

Weekly Statement Bank of Canada

Continued building up of its holdings of U. S. dollars and sterling featured the weekly statement of the Bank of Canada. This item, which has been showing almost continuous growth for weeks, advances $7 millions this week to $46 millions. Dominion deposits are some $4 millions higher, but other items show little shift.

Balance Sheet

	June 22 1938 $	June 15 1938 $
Liabilities		
Capital paid-up	10,100,000	10,100,000
Notes in circ.	153,813,424	154,833,618
Rest fund	1,348,414	1,348,414
Depos.: Dominion	40,654,671	36,601,178
Banks	192,778,800	191,932,068
Other	1,958,032	1,844,942
Total deposits	235,391,503	230,378,188
All other liabs.	2,942,545	3,134,951
Total liabs.	403,595,886	399,795,170
Assets		
Reserve: Gold	181,764,944	182,089,306
Res. in sterling and U. S.	46,054,982	39,021,477
Other curr.	1,331	1,506
Total reserve	227,821,257	221,112,289
Subsidiary coin	351,303	363,814
Investments:		
Dom. govt. short	112,982,581	113,282,745
Other Dom. govt.	51,908,333	51,852,568
Other secs.	5,056,924	7,509,366
Total invest.	169,947,838	172,725,679
Premises	1,627,990	1,615,806
All other assets	3,847,498	3,977,582
	403,595,886	399,795,171
Reserve ratio	58.53%	57.40%

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POLICYHOLDERS' SECURITY AGAIN INCREASED
EXTRACTS FROM THE COMPANY'S REPORT FOR THE YEAR 1937
Premiums ..... $ 28,310,432
Interest from Investments, etc. 7,025,341
$ 35,335,773
FUNDS OF THE COMPANY
Paid-up Capital ..... $ 5,000,000
Life Assurance and Annuity Funds 131,667,731
Sinking Fund and Capital Redemption Insurance Fund 12,745,499
Fire Insurance Fund 16,352,200
Marine Insurance Fund 5,682,856
Accident and Miscellaneous Insurance Funds 6,589,355
General Account 3,644,578
Reserve 8,750,000
Members' portion of Life Profits Account 188,624
Profit and Loss Account (subject to Dividend on Share Capital) 6,016,674
$197,137,517
Reserve for Outstanding Claims and other Liabilities (as per Balance Sheet) 9,100,273
Total Assets $206,237,790
($5 taken as equivalent to £1 sterling)
ALLIANCE
ASSURANCE COMPANY LIMITED OF LONDON, ENGLAND
ESTABLISHED 1824
HEAD OFFICE FOR CANADA
BARCLAY'S BANK BLDG., MONTREAL
Manager for Canada: E. E. KENYON
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A wage-earner, who is free from financial worries about the future, gives his undivided attention to his work; he is worth more to his employer; his own chances of advancement are better.
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Head Office—WINNIPEG

Privy Council Plea Planned By Walkerville

Case For Secession From Windsor to Be Carried to Highest Court

SIGNIFICANCE WIDER

Claiming that the principle of municipal autonomy has been "completely shattered," the Walkerville Property Owners Association is carrying the fight of that former town for secession from the provincially-created municipality of Windsor to the Privy Council. It is considered likely that the case will come before the Empire's highest court at its November sittings.

An active campaign to regain Walkerville's independence has been carried out by the citizens' organization. Application was first made to the Supreme Court of Ontario two years ago to have the Amalgamation Act set aside on the grounds that it was in reality bankruptcy legislation and therefore ultra vires of the province. Adverse decision was rendered by Mr. Justice Hogg, who ruled that "a provincial legislature may create a municipal corporation or may destroy or dissolve such a corporation." The Court of Appeals upheld Mr. Hogg's decision.

British Code

Across the line the city of Detroit completely surrounds the two independent cities of Highland Park and Hamtramck. Amalgamation moves of the past here have broken on the rock of opposition within the two municipalities. To quote a Detroit official: "Detroit can't absorb them without their citizens' consent because Michigan laws are based on the British code."

The citizens of Walkerville, now Ward 2 of Windsor, have seized on this parallel in their fight for independence. A propaganda map of the border cities and Detroit has two circles drawn, one around Hamtramck and Highland Park another around Walkerville with the two captions, "It can't happen here" and "It did happen here."

"The independent town of Walkerville," it is declared, "though not surrounded by Windsor, was absorbed by Windsor, without consent of Walkerville citizens and contrary to a 4-1 vote. If Michigan law is based on British code, on what code are Ontario laws based?"

The judgment of the Privy Council is awaited with a great deal of interest, as it will decide the powers of the provinces in effecting amalgamations of contiguous municipalities, where one or more of the corporations dissent.

History of Amalgamation

To understand the dissatisfaction of Walkerville citizens at their inclusion in the municipality of Greater Windsor in 1935, it is necessary to review the circumstances which brought about the union of the four Border Cities municipalities, Windsor, East Windsor, Sandwich and Walkerville.

Merger brought the population of the City of Windsor to nearly 100,000. It is one of the most highly industrialized areas in the Dominion. Several automobile plants are located in Windsor. Parke, Davis & Co. and Hiram Walker & Sons are situated in the Walkerville section and have retained the post office address of that town. The population of Walkerville was the smallest of the four merging units and its financial and administrative record the best.

Merger proposals were advanced many years ago and kept recurring as it became evident that the Border Cities were involved in financial difficulties from which only the most rigid economy and efficient administration could extricate them.

David Croll, ex-mayor of Windsor and former minister of municipal affairs in the Hepburn Cabinet, pledged himself to amalgamation, but promised that he would not approve any union without the endorsation of Walkerville voters.

In 1926, Walkerville went on record at the polls as being opposed to merger and again on Dec. 10, 1934, 2,535 votes were cast against merger, and 641 votes for. Later, the Walkerville Association charges, Mr. Croll found it expedient to revoke his pledge.

The Pros and Cons

Champions of the scheme saw in its fulfillment, salvation from the financial quagmire in which the municipalities, with the exception of Walkerville, were becoming more and more bogged.

Antagonists of the proposal saw what they considered their right of civic self-determination torn away, and their own municipality being dragged down to the less well-placed position of their neighbors. Walkerville was the only solvent partner in consolidation, the other three being defaulters in both principal and interest of their bond indebtedness.

Overdue principal of the four municipalities at Dec. 31, 1934, was:

Windsor, $2,934,435;
East Windsor, $1,424,000;
Sandwich, $3,025,000;
Walkerville, $279,566.

Walkerville had no overdue interest on bonds and debentures, while the other three municipalities were in default, $2,394,500.

A Royal Commission on Amalgamation was appointed to study means of effecting the merger in 1935, and in May made public the results of its investigations. The commission unanimously favored amalgamation because it considered it the only solution to the financial difficulties of the communities, and recommended the appointment of a finance committee to solve the municipalities' chaotic affairs.

Walkerville's Position

The report, however, admitted that the financial condition of Walkerville was better than that of the other communities. It stated: "Walkerville is admittedly in much better condition than the other municipalities, but its location renders impossible its complete escape from the effect of its defaulting neighbors. While the process may be retarded . . . it will suffer substantially the same as the rest of the area, despite its desire and intention to meet its obligations in full."

The Province of Ontario passed the Amalgamation Act, making the merger effective from July 1, 1935. The bill was introduced by Mr. Croll.

The position of bondholders of the Town of Walkerville has been adversely affected, the Association contends. Collection of principal is more doubtful and the continued payment of interest has been placed in jeopardy. Taxation rates in the district and assessments have been raised.

Notwithstanding the fact that amalgamation has been in effect about three years, the Association draws attention to the fact that Walkerville is still a post office and a customs and excise port of entry; railway stations still bear the label of Walkerville, and 95% of industries have made no change in their addresses.

Whether those corporations will have to change their addresses to Windsor, Ontario, will be decided by the Privy Council in November.

F. D. R. Urged to Seize Railroads

Public Ownership Urged as First Step Toward "Compensated" Economy

By P. H. WHALEY
Editor, Whaley-Eaton Service, Special to The Financial Post

WASHINGTON. — Position of American railroads has been going from bad to worse. Last fall the railroad managements and the brotherhoods agreed on certain wage advances, but almost immediately the economic retrogression began and the railroads were confronted with large losses in traffic, instead of gains. When the spring recovery failed to occur, the plight of the roads became even more pronounced.

Mr. Roosevelt has always been friendly to the railroads. If there is any one subject on which he is thoroughly informed it is railroading. He has been made acquainted again and again with the acuteness of the situation. He had, indeed, asked for a special report from the Interstate Commerce Commission, which recommended a specific course of action that did not meet apparently either with the President's approval or that of the Reconstruction Finance Corporation. An agreement had apparently been reached whereby the R.F.C. would be permitted, without the sanction of the I.C.C., to advance necessary funds to railroads in exigent circumstances, the design being to maintain the status quo until an adequate volume of traffic was recovered. It was tentatively agreed, too, that a new formula be used in reorganization, so that no company, forced into receivership, need remain in bankruptcy very long.

No Rail Wage Cut

Meantime, the rail managers, convinced that the wage scales announced last fall could not be maintained, had given notice of an intent to reduce wages, if only temporarily. Thereupon, the brotherhoods used their political influence in Congress and presented the ultimatum—no loans unless there are no wage reductions. This stymied legislation. A few days before adjournment the President told his Congressional leaders that the rail situation was so acute that at least the R.F.C. loan bill ought to pass. But it did not.

The point is that the President could have secured passage of the bill by merely insisting on it. Virtually all leaders so agreed. He did not insist, but merely made a gesture.

But at least five great railroads are headed for receiverships and cannot avoid them unless they do obtain Government or other aid. The chances are, therefore, that by fall the rail situation may be positively exigent and act as a complete deterrent to a recovery.

His Rail "Solution"

Whatever his critics may say of President Roosevelt, there is generally "method in his madness." Leaders feel that he has decided in his own mind that mere loans to rails to ease them over a period of distress would not accomplish anything worth while. They feel that he has been convinced, possibly against his will, of the necessity for an all-inclusive rail solution. They suspect that, with many of the great roads in a condition of admitted financial collapse next fall, the time would be ripe for Roosevelt to summon Congress into special session and for it to quickly enact rail relief legislation, the form of which he would have already mapped out.

What form would it take? Mr. Roosevelt knows what a burden government ownership of rails has been to his neighbor, Canada, and he is equally aware of the burden that the rails are to the French budget. He is acquainted, on the contrary, with the good results that followed consolidations in Great Britain.

Accordingly, the scheme which is much talked about in close administration circles and which, at present, seems likely to be adopted if the occasion arises, calls for the Government to take over all rail securities and refinance the roads, under a reorganized capital structure, at a rate equivalent to the rate the Treasury is currently paying for money.

Valuing the Shares

A formula for valuations has not yet been written. It is improbable that much attention would be paid to common stocks, except in the case of roads such as the Chesapeake and Ohio, where the equity value is obviously real. A commission might be set up to value the securities. In that case, consideration would undoubtedly be given to the worth of these securities according to the judgment of the marketplace. Most officials in Washington, who know anything about the subject, are convinced that many railway bonds are selling at less than their real value. On the other hand, most banks and insurance companies have been steadily writing down their railroad investments. The idea of the Government might be to find out just about at what prices the large institutional investors are now carrying their rail bonds and then substitute a government-guaranteed bond therefor at about that value.

Present idea is not to assume management of the roads, but rather to finance them, so far as their fixed capital is concerned, at a very low rate. This financing would carry with it, however, the right of the Government to force consolidations, to abandon unprofitable lines and to put into effect other economies that would be financially helpful.

"Too Hot to Handle"

It should be noted that there are groups inside the Administration which still are convinced that rail receiverships prior to the November elections might be disastrous, and that every effort should be made to hold the situation in status quo until then. A re-examination is being made of the lending powers of R.F.C. and it is possible that a method can be found to advance funds to shaky companies in sufficient volume to meet their requirements for the next five months.

These groups are still hopeful that a business recovery will be well under way by October, wherefore the whole rail situation could be treated more rationally thereafter.

Strangely enough, at least one of the President's close Left advisers argues emphatically that the rail situation is too hot to handle and the rails should not be taken over, completely, unless every other recourse has failed.

Salvaging Operations

It has long been suspected that the brotherhoods, convinced that the railroads under private management could not maintain existing wage scales, wanted government ownership or government responsibility, since this would involve a government underwriting of these wage scales.

In any case, a great salvaging operation in the American railroad industry is clearly due. When it occurs, the Government will undoubtedly insist on heavy new expenditures for equipment, and there is no doubt among officials as to the readiness with which funds for this purpose can be raised under Government guarantee.

Last winter, Government spokesmen were insisting that the recovery must be led by heavy expenditures for rail equipment and in the utility industry. Nothing whatever, however, has been done to restore confidence in the utility area. On the contrary, the President insisted that there be written in the relief bill a provision permitting the Government to underwrite the construction of competitive electric systems by municipalities.

Move for Planned Economy

If a recovery does not promptly ensue, and if the President does urge before January what would essentially be a taking over of the rail properties, he may content himself with just that and nothing more. It should be noted, nevertheless, that among his advisors are men who are constantly urging that a modern national economy is not workable unless the Government has control of the great basic industries. Among those who have been most insistent that a planned economy is requisite, there has been a growing conviction that the thesis is not feasible unless the basic industries are directly subject to Government supervision and control as to production, distribution, prices, wages, etc.

The new phrase used by this school is "compensated economy." In other words, they now admit that capitalism, as formerly known in the United States, is incompatible with their new economic philosophy. They do not abandon their philosophy, but they do become very open in their attack on the existing economy. They insist that the railroads are, in the popular mind, the very citadel of capitalism and that a collapse of the railroads is a collapse of capitalism, as formerly known. Therefore, although they may not have advised the President to that extent, they insist that seizure of the rails should naturally be followed by seizure also of the utilities and of the life insurance companies.

Maritime Tel. Sets New Mark

From Our Own Correspondent

MONTREAL. — Maritime Telegraph & Telephone Co. reports 41,591 stations in operation at the end of last May, an increase of 182 over the previous month. This is the largest number of stations ever reported by the company and represents an increase of 680 stations over the peak development in November, 1931.

Toll traffic during May totalled 130,238 calls, a decline of 4,897 from the corresponding month last year. Because of this, the gain shown for the last three months was wiped out. However, the five months gain to date is equal to the total of the five months last year.

Dom. Textiles Spend on Plant

Shareholders Told Reason for $1.5 Million Outlay

From Our Own Correspondent

MONTREAL.—In the light of conditions as they existed, Dominion Textiles had enjoyed a good year, according to a statement made by Sir Charles Gordon, president, at the annual meeting of shareholders.

In discussing operations, G. B. Gordon, managing director, stated that the company had spent $1.5 million on property during the past year. Of this amount $500,000 was spent at Magog on spinning and other equipment, with the balance on changes of equipment being carried out in other plants. For some years past, it was pointed out, the company had spent less than the amount of depreciation write-offs.

Work on Quality

In response to queries it was stated the new equipment would not prove a definite aid in competing with importations at present prices, although it will enable a small saving to the company and allow the use of a shorter staple of cotton. Changes in the print works were made for the purpose of improving the quality of shirt fabrics rather than effecting a saving.

W. A. Eden, president, of Dominion Rubber Co. was elected a director, filling the vacancy created by the resignation of W. A. Black some time ago. Other directors were reelected.

Sees Market Absorbing Huge Increase in Hogs

J. S. McLean Predicts Big Expansion This Year With Favorable Crops — Cattle Results Disappointing

Canada now possesses a bacon outlet capable of absorbing a huge increase in hogs, J. S. McLean, president of Canada Packers, states in the annual report of the company. And prospects this year definitely point to such expansion.

Reviewing livestock markets for the last 12 months Mr. McLean reports that hog prices have been profitable, but cattle prices disappointing.

Hog prices for the first five months of 1938 averaged $9.14 per cwt. as compared with $8.70 in 1937, $8.09 in 1936 and $8.21 in 1935. High feed prices at times lowered the margin of profit between hog and grain sales, but, says the head of Canada Packers, most farmers do not buy their feed, but grow it on their own farms.

"As has always been the case in the past," Mr. McLean adds, "that farmer has done best who continues to produce hogs all the time. The unfortunate farmer is he who through a series of crop failures has been forced out of hogs and there are many such. The evidence of this lies in the hog deliveries of the Prairie Provinces during recent months."

Sees Big Increase

For the coming year, Mr. McLean believes that hog raising will prove so favorable that there is bound to be a large increase in production. At present selling prices and cost of feed he sees a profit in hogs of $5 per 200 lb. animal.

Canada's bacon quota in Great Britain is such that a very large gain can be absorbed. For the first five months of 1938 approximately $675,000 hogs in the form of bacon have been exported, but a million more could be shipped before the present British quota is filled.

Mr. McLean believes that Canadian farmers could increase their share of profits out of the British market not only by taking advantage of the full volume of the quota, but by cutting the cost of production. At present, he points out, it takes slightly over five pounds of grain in Canada to produce one pound of pork. In every province, however, there are hundreds of expert farmers who are producing hogs on the basis of three and a half pounds of grain to one pound of pork and in Denmark the average for the whole production is three and three-quarter pounds.

Could Increase Profits

"These are challenging figures," he says, "for significance is that if average Canadian feeding efficiency were brought up to the level of Danish efficiency the cost of producing hogs would be reduced one quarter. Such a saving on the seven million hogs this country markets annually would amount to almost $23 millions."

While the packer, in his own interest, is constantly working for higher prices, he can do little, Mr. McLean believes. Advances must come from two main sources.

1. Improved markets, such as the rapid advance in hog prices which followed the Ottawa agreement, and,
2. Better livestock.

If the Canadian price of bacon in the Old Country through equal quality could be brought up to the level of the Danish price, states Mr. McLean, the Canadian producer would receive for his hogs an extra $15 millions to $20 millions per year.

Discouraging Cattle Year

Turning to cattle, Mr. McLean reports that the past year has been disappointing, though recently prices have risen substantially above the very low levels which prevailed during late winter and early spring. Following very satisfactory returns in 1936-7 when feeders made large profits a very large number of cattle were purchased for fall feeding in 1937. Demand for such feeders was so active that prices were forced up to a point 1 to 1½ cents per pound above those of the previous fall, and by Jan., 1938, "it was already evident that more cattle were on feed than were needed."

The United States market which ordinarily takes Canada's surplus was in a similar condition. For the first five months of 1937 total cattle shipped by Canada to the United States amounted to slightly over 82,000 head. For corresponding period in 1938 this total dropped to slightly over 25,000.

Packers, Mr. McLean states, suffered equally with cattle raisers in the resulting low prices. In 1936-1937 when prices were advancing, Canada Packers, he said, made a profit on beef of $279,000, but in the year just closed this was replaced by a loss almost as large of $262,000.

Clear Tangle On Sales Tax

Building Raw Materials Included in Budget Exemptions

Much of the confusion in sales tax exemption on certain building materials has been cleared away. Following protests by interested manufacturers immediately after the budget was announced subsequent legislation was passed exempting from sales tax raw materials entering the production of the finished building products specified. In addition steel used exclusively in the frame work and support of buildings and bridges has been included in the tax exemption.

When the government eliminated the sales tax from such building materials as paint, a few lines of hardware, roofing materials, plumbing and heating equipment, etc., automatically the tax applied to the hitherto free raw materials entering the same. The effect, of course, was to greatly restrict the benefit of the exemption on the finished product.

Paint manufacturers, for instance, estimated that instead of saving the full 8% sales tax, actual saving would not be more than one or two per cent. On hardware only about 4% saving was indicated. Now raw materials as well as the finished product will be exempt but materials consumed by waste or wear in manufacturing such as oil, abrasives, etc. are not to be included.

C. I. T. S. Fixes Dividend Payment for July 1

MONTREAL.—Canadian International Trustee Shares will make a distribution of $0.1297 a share on all original certificates and $0.1347 a share on all modified certificates, payment on July 1, according to announcement of the General Trust of Canada.

These amounts represent regular and extra cash dividends paid for the six months period by the corporation whose common stock constitutes fixed portfolio, as well as the interest on the reserve fund and adjustment on U. S. exchange, after deduction of U. S. income tax on American dividends.

Holders of C.I.T.S. will have the privilege of reinvesting proceeds of their coupons in additional shares, at the then prevailing offering price, less discount of 5%.

Alliance Assurance Assets Show Gains

Total income of $35.3 millions, consisting of $28.3 millions from premiums and $7 millions from investments is reported for 1937 by the Alliance Assurance Co. of London, England.

Total assets, with £1 calculated at $5, were $206 millions compared with $199.4 millions last year. Of that amount $131.7 millions consists of life insurance and annuity funds.

Fire insurance funds now stand at $16.9 millions compared with $16.3 millions last year. Sinking fund and capital redemption insurance fund is higher at $12.7 millions. The company writes a substantial volume of fire, automobile and casualty business in Canada.

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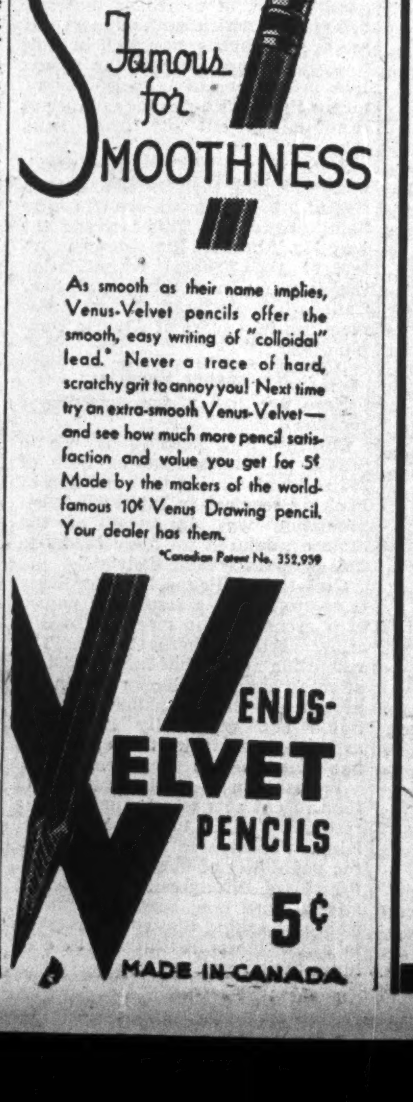
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Week in Mining

Base Metals Take Lead Of Mining Stock Market

Rise in Metal Prices Linked With Upward Movement in Industrial Issues — Revaluation Talk Still Persists

Base metal issues for the time being have taken the lead in the market for mining stocks.

Most of the Canadian base metal shares have continued the upward movement in evidence last week. The markets for copper, lead and zinc have continued steady at higher levels than a week ago and as one cent per pound advance means a considerable increase in the earnings of the larger producing companies the strength of the base metal stocks is readily understood.

The rise in this group of metals and stocks is, of course, linked up largely with the conditions affecting the industrial share market, as any prospect of improvement in general trade and industry is bound to show in the trend of the metal markets at an early stage. Copper, lead and zinc are among the first products to feel the stimulus of industrial recovery. An upward movement in their prices in fact usually precedes actual industrial revival, as manufacturers increase their inventories in order to be ready for a larger volume of business.

Such issues as Consolidated Mining and Smelting and Hudson Bay among the seniors, and Normetal and Pend Oreille among the juniors were prominent.

The gold issues while losing something of their favor for the time being and easing off a little in price were not neglected. The senior gold stocks offer a yield which is attractive to many while there are many of the newer stocks which hold out inducements in the way of increasing dividends as well as possibilities of capital appreciation.

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Goldale Advances

Goldale was among the more prominent of the lower priced golds rising to a high of 40½ cents. As reported recently a diamond drilling campaign has been started on this company's property in Tisdale township in the Porcupine district adjacent to McIntyre Porcupine and it was reported unofficially this week that the diamond drills had intersected high-grade ore. Grade as high as $120 to the ton was reported on Monday and the stock rose from 25 to 37 cents. The truth of the report of the find was denied at the head office of the company. On Tuesday the stock held its gain and moved a little higher. The outlook has been changed somewhat by the developments on the Gillies Lake property and it is felt that some interesting results might be had from work to be done on the Goldale claims although this has not advanced enough yet to give definite information.

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Pend Oreille Again Active

The revival of interest in the shares of Pend Oreille Mines & Metals Co. brought back to life a stock which some years ago was among the most prominent in the whole mining list. The property is not in Canada, but is in the State of Washington just south of the International border. It produces lead and zinc, the company resuming production in 1936 after being idle since April, 1934. The mill was enlarged to 600 tons capacity and placed in operation on that tonnage in Sept., 1937, with the completion of a power plant. The company is capitalized at 3 million shares of $1 par of which 1,632,308 are issued, and has a funded debt of $300,000 raised for the construction of the initial power unit. It controls the Canadian company known as Reeves MacDonald Mines Limited.

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Mineral Stockpiles

Regarding the importance of minerals for defensive purposes an address delivered before the American Zinc Institute recently by J. W. Finch, director of the United States Bureau of Mines has been the subject of considerable comment, especially when he suggests that the Government of that country should establish a stock pile of strategic minerals against foreign competition even though domestic supplies may be now meeting current demand.

Mineral raw materials, he stated, were the foundation of industries and consequently the keystone of national defense. The United States, he claimed, still faced an uncertain future with respect to deficient and strategic minerals in spite of the bitter experience of 20 years ago when by a combination of smuggling and other extreme measures, the industrial machine was kept going. The cost of stock piles, he stated, would not be much more than for a moderate sized battleship. Following the suggestion, a bill to acquire stocks of essential minerals for stock piles for defense purposes was recently introduced in the United States Senate.

• • •

Morgenthau's Denials Denied

In spite of the forceful denials of Secretary of the United States Treasury Morgenthau that there was any intention to revalue gold, there is still a strong feeling persisting that some such action will eventually be taken. This is due to the belief that the burden of debt for many countries is still unsolved and that revaluation is the only way out. In reply to the argument that revaluation failed to relieve the situation by maintaining prices at a higher level in the United States, it is claimed that the lack of confidence due to the Government's policies in other directions offset the effect of the higher price for gold. Moreover as a political move it is believed by some that it is likely to be seen this fall or winter. The view is taken that official denials mean little or nothing as the situation may change so quickly. As far as the prosperity of the gold mines themselves is concerned, however, their record shows further revaluation to be unnecessary.

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Powell Rouyn Does Not Plan to Erect Own Mill

As present arrangements whereby the Noranda smelter treats the output of Powell Rouyn Gold Mines are satisfactory to both companies, Powell Rouyn is not at present considering the erection of a mill, W. R. Johnston, president, told shareholders at the annual meeting.

For the first two weeks of June, gross returns amounted to $44,078, according to Duncan Chisholm, secretary-treasurer. Before allowing for taxes and depreciation, this figure represented net profits of $17,000.

Naybob Gold Mines, in Porcupine district, has opened the mariposite vein on its 700-ft. level for 108 ft., each round disclosing new high-grade ore. Free gold appears in both faces and over the entire length. Vein has been extended on surface for an additional half-mile

After elimination of visible gold, the last round in the west drift is said to have returned $164 across 3.8 ft., with vein walls returning an assay of $19.80 over more than two feet and the face averaging $110.90 over 5 2-3 ft.

POWER FOR BELLETERRE MINES

In the picture above is shown the dam under construction on the Winneway River, Quebec, where Belleterre Quebec Mines Limited is constructing a 1,500 horsepower hydro electric plant to provide power more cheaply than by Diesel engines as at present. The new plant will be ready about Sept. 15, it is expected, when milling will be resumed. The amount of power formerly available was not sufficient to enable both milling and sinking on the new vein to be carried on simultaneously. Belleterre Quebec Mines Limited is controlled by McIntyre Porcupine Mines Limited.

Kootenay Belle's Ore Grades High

Total of 33,792 oz. Indicated in Assured and Probable Reserves

From Our Own Correspondent

VANCOUVER.—Jonathan Rogers was re-elected president of Kootenay Belle Gold Mines at the annual meeting here and directors re-elected were Walter D. Frith, Brig.-General J. A. Clark, F. M. Black, J. L. Trumbell.

J. H. McDowell, mine superintendent, reviewed the progress of development during the past year, particularly with reference to No. 3 level. He believes that the ore reserves are conservative, especially inasmuch as no allowance is made for ore in sections that so far have only been partly explored. Total reasonably assured is 29,963 tons containing 11,878 ounces of gold, an average gold content of 0.44 oz. per ton. Probable ore adds another 45,513 tons containing about 21,914 ounces of gold or 0.48 oz. per ton. This makes 33,792 ounces of assured and probable ore worth $1,282,720 at $35 an ounce for gold. The total in the "possible" class is 37,890 tons. No estimate is made of reserves below the 6th level.

Efforts were being made to pick up the Gold Belt vein which showed signs of dipping into the Kootenay Belle property.

Ore on Dixie Claim

Mr. Rogers mentioned that the Dixie claim, originally acquired as a source of water supply, indicated considerable ore and it might be developed into a separate mine in an exceptionally convenient location.

Company policy was to return the investment to shareholders as soon as possible, said Mr. Trumbell, and while it was not certain whether bonus payments could be maintained as in the past the company would not retain in the treasury more money than necessary for economical operation.

Labrador Mining Tests Ore Deposits

Labrador Mining & Exploration Co., which holds a concession of about 20,000 square miles in Labrador, has resumed work and, under direction of Dr. J. A. Retty, chief geologist, and R. L. Milner, field geologist, will further test the iron ore deposits partially explored during the last two years.

The formation of one of these deposits, at Attikamagen Lake, is fully five miles long, according to Dr. Retty, and outcrops intermittently across as great a width as 4,000 ft. Thickness of the formation is 250 ft., but the exact proportion of this that will make ore is not yet known, but a conservative estimate places the tonnage of this deposit at 4,487,500 long tons per foot of depth.

Company plans to map out a diamond drilling programme to determine the depth of the iron ore deposits and the average grade. Preliminary analysis of the Sawyer Lake deposit shows about 69% iron, .05% sulphur and .03% phosphorus. This deposit, already exposed, is estimated to contain about 28,571 tons per foot of depth.

Maralgo Mines Awaits Long Lac Developments

Though 58 of Maralgo Mines' 64 claims in the Little Long Lac area have now been patented and it is anticipated that the remaining six will be carried to patent during the current season, no ore bodies have yet been found, Frank H. Bell, president, says in submitting the company's annual report for the year ending Apr. 30 last. Directors consider it advisable to await the development of other properties in Little Long Lac before making further expenditures.

Maralgo's largest single interest is its holding of 250,000 shares of Jellicoe Consolidated Gold Mines, which is making satisfactory progress underground. It is also substantially interested in the White Horse and Greenbank companies, which adjoin Jellicoe on the west and south, and in the Elmos development, through a substantial holding of Longlac Lagoon shares.

Balance sheet as at April 30, 1938, shows current assets at $24,806, representing bank balance, accounts and dividends receivable. Shares in and advances to other mining companies, at book value, are carried at $337,091. Liabilities consist of accounts payable $732 and balance of exploration commitments, payable on call, $2,300.

Two Directors Resign From Central Cadillac

From Our Own Correspondent

MONTREAL.—Mark Godfrey and Bevil Granville have resigned as directors of Central Cadillac Gold Mines, according to a notice sent to the Montreal Curb Market by Gerald McTeigue, president of the company.

Rise in Metal Prices Means Much to the Mines

Change of 1 Cent Per Pound Means Difference of $4,131,580 on Lead and $2,853,000 on Zinc for Smelters on 1937 Figures

With prices of base metals showing marked improvement recently, the outlook for Canadian producers has brightened and the stocks of the various base metal companies in which the Canadian public is interested have moved up accordingly.

The stronger trend of the metal markets which has developed recently was led by copper which had been showing signs of strengthening for some days previous. This strength in copper which developed after the price had fallen some six weeks ago to the lowest level in years was due partly to curtailment in production in the United States and partly to the announced decision of the International Cartel to reduce output.

In the United States, as noted previously, Kennacott had already taken action to shut down all its mines in that country, while Anaconda and Utah had cut down operations very materially. It is expected that the reduced production would make itself felt shortly.

Curtailment of Production

Then, as was noted last week, the International Copper Cartel at London cut production quotas from the recent 105% level to 95%. The Cartel represents virtually all the major producers of copper outside the United States. Its cut is effective as of July 1 and should mean a reduction in production outside of United States of between 7,000 and 8,000 tons monthly. It is expected that United States production by July will have fallen to about 20,500 tons compared with 41,690 tons in April. International Nickel of Canada, while not a member of the Cartel, is understood to be acting in sympathy with it, her output of copper having already been curtailed.

The prospect of curtailment in production and an increased demand for copper brought about a smart upturn in price and, while there was little change in the statistical position of lead and zinc, they too improved. A big factor in regard to the latter two metals has been the refusal of holders to make any price concessions, and buyers apparently grew tired of waiting.

Some idea of the change in base metal prices may be given by the following figures:

	Cents Per Pound June 20	June 27
Copper, New York	8.83	9.45
Lead, New York ..	4.05	4.55
Zinc, E. St. Louis .	4.00	4.50

On a number of days the advance appeared to originate in London, giving color to the belief that the demand had its origin in British armaments. Japan was also stated to be buying again.

As far as copper is concerned, important facts are that refined copper production in the United States during the first five months of 1938 was 27% smaller than a year earlier, but delivery underwent a still larger decline, thus causing an accumulation of 100,000 tons in the inventories of producers since the beginning of the year. Foreign demand, on the other hand, has been heavier than a year ago by 5%.

In regard to the foreign demand for copper, apart from the British demand, the Spanish and Japanese wars have been important factors, and in this connection it is to be noted that the Granby Copper Co. has been selling a large part of its output to Japan for some months past.

Lead Prospects

In regard to lead, the paint business in the United States is said to have risen somewhat more than seasonally since the beginning of the year, while storage battery takings are expected to be heavier in the coming months. An improvement in the automotive industry will result in a better demand for all base metals.

Canada's Base Metal Mines

Earnings of Canada's base metal mines will be affected by any change in metal prices.

Among the chief ones with securities in the hands of the public are:

International Nickel — Nickel, copper and precious metal.

Noranda — Copper, gold and other metals.

Aldermac—Copper, sulphur and gold.

Normetal—Copper and zinc.

Waite Amulet—Copper, zinc and gold.

Hudson Bay Mining and Smelting (Flin Flon)—Copper, zinc and gold.

Sherritt Gordon—Copper, zinc and precious metals.

Consolidated Mining and Smelting (Sullivan Mine)—Lead, zinc, copper, precious metals.

Lake Geneva—Zinc, lead, silver.

Falconbridge Nickel — Nickel, copper, etc.

Prices of the shares of most of the companies listed above have shown advances in the last two weeks.

What One Cent a Pound Means

Yearly production of Consolidated Mining and Smelting Co. in 1937 included 206,579 tons of lead, 142,650 tons of zinc and 2,292 tons of copper. A rise of one cent a pound in the price of lead means an increase of $4,131,580 in earnings. As rise of one cent a pound in the price of zinc means $2,853,000.

Hudson Bay Mining and Smelting in the same year produced 57,688,485 pounds of copper and 68,972,224 pounds of zinc, while Normetal shipped concentrates containing 724,820 pounds of copper and stock piled others containing 2,655,677 pounds of zinc.

Owing to the fact that some companies report their sales of metals as concentrates, it is not possible to compute what price changes mean in each case.

Mining Enquiries

Powell Rouyn

I hold some shares in Powell Rouyn, and would like to know the scale of operations at this property.

Powell Rouyn owns a producing gold property in the Rouyn area of Quebec, adjoining Noranda Mines to the north. Shipments of ore are made by truck to the Noranda smelter. At the beginning of May, the company was shipping ore at the rate of 400 tons daily; shipments have now reached the maximum of 500 tons daily.

The company is doing underground work to the 800-ft. level, and results there are reported as quite satisfactory and such as to add materially to the ore reserves. At the close of the last fiscal year, reserves amounted to 1,237,915 tons, of which 890,643 tons averaged $6.41.

Goodfish Mining Co.

I understand that some change has taken place in the status of Goodfish Mining Co. Please enlighten me on this.

Goodfish Mining Co. formerly held properties in Strathy twp. in the Temagami Reserve area of Ontario and in Morrisette and Bernhardt twps. of the Kirkland Lake area. Goodfish is now a holding company, having sold its claims in Strathy twp. to the Beanland Mining Co. for 552,063 shares, and the claims in the Kirkland Lake area to Miles Martin Kirkland Mines for 1,000,000 shares in that company.

Of the 1,000,000 shares received in Miles Martin Kirkland Mines, 700,000 shares have been optioned to Fred M. Miles, and if the option is fully exercised, Goodfish Mining Co. will receive $100,000.

At Dec. 31, 1937, Goodfish reported its current assets at $8,351, including $589 cash and $7,762 accounts receivable from the Beanland Mining Co. Of 3,500,000 shares authorized, 2,729,400 shares were reported as issued.

Lakeside-Kirkland

What has been disclosed by recent work at the Lakeside-Kirkland property, and how would you regard this company?

Lakeside-Kirkland Gold Mines, holding the former Queen Lebel property in Lebel twp., Kirkland Lake area of northern Ontario, has completed its shaft to 600 ft. and put out a crosscut to intersect the north vein. Lakeside-Kirkland sank its shaft on a vein which at bottom proved to be about three ft. wide. Commercial values were not secured, however; the property is simply a prospect in the early stages of development, and commercial ore bodies are not yet definitely indicated.

Considerable further work will be necessary before any opinion can be formed on the merits of this property minewise.

Central Pat. Output Higher

Lower Grade of Ore Treated Due to Development Work

In the first five months of 1938, Central Patricia Gold Mines produced gold bullion to the value of $598,059, according to a statement being sent out with the dividend cheques, for four cents per share payable June 30. This production figure compares with $566,744 produced in the corresponding period last year.

While gross value of production was higher the recovery per ton was lower at $15.94 against $18.03.

Operating profit was higher but write-offs were heavier which resulted in a moderate decline in the earnings per share which stood at 9.17 cents against 9.44 cents for the corresponding five months in 1937.

The lower recovery per ton is attributable to the fact that there has been much development ore going through the mill which has brought the average grade down. This, however, is likely to be offset in future as high-grade ore from the Springer property is now being sent to the mill and it is expected that some 25 to 30 tons will be treated daily. As indicated, however, in a previous report this ore from the Springer group does not mean an additional 25 tons of ore being treated in the mill which will be kept at its normal capacity which is now 300 tons daily. It does mean, however, that the high-grade Springer ore, much of which grades almost an ounce of gold per ton will "sweeten" the ore passing through the mill very materially.

While the earnings per share for the five months under review are lower than those for the same period a year ago, it is believed that with the Springer ore being milled now and the possibility of lower write-offs, earnings for the year may be nearer 40 cents per share than 30 cents as was forecast a few weeks ago. The mill is now treating some 60 tons of ore more daily than the average rate for the period. Minewise the situation is considered eminently satisfactory.

Comparisons for the five months ending May 31 are as follows:

	1938	1937
No. of tons milled	37,524	31,423
Gross val. of prod. ..	$598,059	$566,744
Est. prof. for the per. before prov. for inc. taxes, def. dev. & dep.	343,425	334,277
Less: Prov. for Dom. & prov. inc. taxes ..	36,850	36,555
Prov. for dep. on plant & equip. & w/o for def. & other expends. ..	77,222	61,655
Estimated net profit .	229,352	236,068
Recov. per ton	15.94	18.03
Earns. per share	.0917	.0944
Divds. pd. to June 30 per share	.12	.08

Norgold Grants Option To Agaura Explorations

Norgold Mines has granted a year's option on block "C" of its properties, lying between Cassels Duval and Mooshla Gold Mines, in Bousquet twp., Quebec, to Agaura Explorations, Ltd., a wholly-owned subsidiary of United States Smelting, Refining & Mining Co.

Purchase price of the block is $150,000. Agaura has made a payment under this option agreement, a condition of which obligates it to spend a certain amount of cash monthly on diamond drilling or other exploratory work on Norgold's block "C" during the life of the option. Agaura has the right to exercise the option at any time during the 12-month period. The company is now actively engaged in development work on the Cassels Duval property, immediately adjoining block "C" to the west.

Norgold has three other properties, all in Bousquet twp., and the company intends to do some further exploratory work on these claims in the present season.

Upper Seine Gold Mines Gets Good Ore in Drift

Upper Seine Gold Mines Ltd. is meeting with success in the drift on the third level. A wire received at head office from W. N. McClintock, mine manager, states that the last 30 feet of drift has shown $28.20 over 26 inches, bringing 115 feet drifted on up to an average rate of over $15. This is the north drift. An important feature of the work is the fact noted by Mr. McClintock that the last face of the north drift shows quantities of coarse, free gold, over three feet of vein material. This high grade is said to be the projection of the ore already encountered on the level above. A letter from W. L. Doyle, president of the company, states that dewatering of the strip north and south of the present operations is also proceeding with the object of adding further high-grade ore for the mill.

Mining Company Options

Advance Red Lake Gold Mines — By agreement June 20, W. B. McHenry agrees to purchase 25,000 shares at 4½ cents, payable forthwith, and receives option on further 325,000 shares at prices from 5-10 cents.

Goldbanks Mines — Advises agreement May 19 with Gordon Jones & Co. has been cancelled.

Hoyle Gold Mines — Under agreement June 13, Ventures Ltd. and Sudbury Basin Mines agree to purchase 200,000 shares at 40 cents and 80,000 shares at 50 cents, payable $30,000 forthwith and $20,000 a month, with balance by Nov. 1, and receive option on further 720,000 shares at prices from 50-80 cents, to be completed by Oct. 1, 1939.

Kirkland Gateway Gold Mines — By agreement June 14, Dothan Mining & Development Co. agrees to buy 25,000 shares for $5,000, payable forthwith, and receives option on further 1,550,000 shares at from 20 cents to $1, payable at minimum of $10,000 per month, beginning Jan., 1939, to be completed by June, 1940.

Poundmaker Gold Mines—Under agreement May 13, Hugh C. McRae agrees to purchase 100,000 shares at 5 cents, payable forthwith, and receives option on 1,500,000 shares at prices from 5-50 cents.

Trout Creek Gold Mining Co.—By agreement May 7, subsequently amended, Garfield Trading Co., Ltd., granted option on 1,475,000 shares at prices from 5-60 cents.

Augite Porcupine Mines — Has allotted 1,000 shares to Ryan Diamond Drilling Co. under contract providing for payment of $1.90 and issue of one share of stock for each foot of diamond drilling done; 978 ft. were carried out, and additional 22 shares were issued in payment for trucking lumber. June 15 installment, covering option on 100,000 shares at 40 cents, under agreement Feb. 15 last, has not been taken up by J. F. Conroy, Jr. Agreement is still in good standing, as it does not terminate until 10 days' written notice is given the optionee of intention to cancel the rights contained therein.

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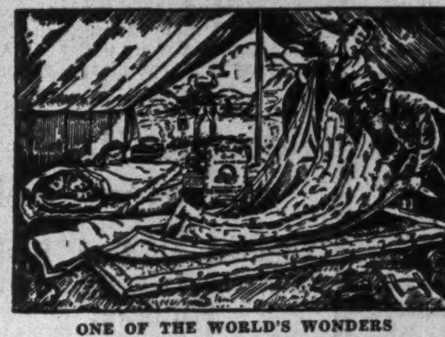

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News Concentrates

Algoma Summit Gold Mines reports that in vein No. 202, 250 ft. west of the main crosscut, slashing north, the miners cut into 3 ft. of rich ore, assaying $154 per ton.

• • •

Barber-Larder Gold has encountered satisfactory widths and values in crosscutting to the ore zone on the 250-ft. level, according to R. S. Potter, president. On the 125-ft. level, the crosscut has just entered the ore zone. Before releasing detailed values, the management intends to complete the two crosscuts across the zone and drift at least 100 ft. on each level.

• • •

Cheminis Gold Mines in Larder Lake area, has entered into a diamond drilling contract which is to start shortly and will take at least three months to complete. Cheminis adjoins Fernland Gold on the east; diamond drilling to date has given satisfactory results.

• • •

Kirkland Consolidated Mines will consider at a special meeting of shareholders, July 7, a proposal to sell its 14-claim property in Grenfell twp., Larder Lake area, to R. L. O'Brien, of Buffalo, for one million shares in a new company, which will be capitalized at not over three million shares, $1 par. At May 31 last, Kirkland Consolidated reported current assets at $3,788. It holds 150,000 shares of Kir-Vit Mines. Current liabilities stand at $4,135.

• • •

Lacoma Gold Mines operating in Jurie and Tavernier townships of Quebec has appointed D. H. Traynor, resident engineer at the property. Mr. Traynor is now at the Lacoma property taking charge of development work.

• • •

Bankfield Consolidated Mines, which produced $53,946 in the month of May, set a new record for tonnage handled, treating 4,005 tons of ore. The value of the production compared with $53,876 in April. The recovery per ton in May was 13.46 and in April $13.59.

• • •

Lapa Cadillac Gold Mines has nearly completed its 250-ton mill. Lapa has resumed underground diamond drilling. A hole north from the east drift on the 540-ft. level cut 4 ft. running $11; this may be the downward extension of the "D" ore body.

• • •

Moneta Porcupine reports that what appears to be an entirely new ore body is showing up on the 675-ft. level. This occurrence is stated to be about 120 ft. north of known ore being drifted at the 675-ft. level. Importance of the ore body cannot yet be gauged, but values are said to be up to mine average.

• • •

Nickel production of Ontario in May amounted to 18,596,046 lb., as against 20,451,565 lb. in April. For the first five months of the year, output stands at 93,598,505 lb., comparing with 90,426,202 for all of Canada in the corresponding period of last year. Ontario's production represents practically the total output for Canada.

• • •

Paymaster Consolidated expects to start its programme of development at depth from the 2,575-ft. level of the No. 5 shaft about Aug. 1. Encouraging results are being secured from the two new levels in No. 3 winze, at 1,700 and 2,075 ft. Last face on the 1,700-ft. horizon in No. 8 vein gave 80 in. running 0.40 oz. gold. On the 2,075-ft. level in the same vein, the last round returned 101 in. of 0.22 oz. Daily mill tonnage has recently been improved; in the week ended June 24, the mill handled over 540 tons daily.

• • •

Silbak Premier Mines has declared initial dividend of 4 cents per share, payable July 25 to shareholders of record July 5, representing disbursement of $100,000 on the 2,500,000 shares outstanding. Silbak Premier, a subsidiary of Premier Gold Mining Co., was formed to consolidate certain of its adjoining properties, Sebakwe and District Mines and B. C. Silver Mines, the principal property being Premier Mine.

Getting Information For the Prospector

With the object of determining what areas are favorable for prospecting so that the information may be passed on to the public, 58 survey and exploratory parties comprising a force of about 300 men, have been detailed to field work this year by the Dominion Department of Mines and Resources. The parties have already left Ottawa and will map and investigate areas in every mineral province in Canada and in the Yukon and the Northwest Territories.

Forty-one of the parties are engaged in geological investigation and 17 in topographical mapping. Of the former, nine are in British Columbia, two in Alberta, four in Saskatchewan, five in Manitoba, four in Ontario, six in Quebec, three in New Brunswick, two in Nova Scotia, one in Yukon and four in the Northwest Territories. Of the 17 topographical parties three go to British Columbia, four to Alberta, one to Saskatchewan, three to Quebec, one to Nova Scotia, one to the Yukon and three to the Northwest Territories.

Mining Dividends

	Rate	Close June 27	Yield %
Anglo-Huronian	10c	3.00	...
Beattie Gold	10c	1.16	8.6
Bralorne	60c+30c	9.75	*9.2
Buffalo Ankerite	$1	15.75	6.3
Bulolo Gold	$3	27.50	10.9
Can. Malartic	3c	.90	...
Cariboo	10c+4½c	2.40	*6
Central Patricia	12c	2.46	4.9
Coniagas	25c	1.45	...
Coniaurum	‡5c	1.30	...
Cons. Smelters ...	50c+50c	57.50	...
Dome Mines	$2	29.00	6.9
Falconbridge	30c	5.95	...
Gunnar Gold	‡3c	.77	...
Hedley Mascot	12c+2c	1.05	*13.3
Hollinger	65c+45c	15.00	*7.3
Howey Gold	4c	.25½	...
Hudson Bay	$1.75	27.50	6.4
Inter. Mining	25c	7.87	...
Int. Nickel, com. ...	$2+25c	48.50	*4.6
Island Mountain	5c	.80	6.2
Jack Waite	†1½c	.42	...
Kerr Lake	5c	.46	...
Kirkland Lake	8c	1.10	7.3
Kootenay Belle	9+1c	1.25	*8
Lake Shore	$4+$1	50.50	*9.9
Lava Cap M.	5c	.95	...
Little Long Lac	40c	3.60	11.1
Macassa	20c	4.60	4.3
McGillivray Creek	3c	.23	...
McIntyre Porc.	$2	41.50	4.8
McKenzie Red Lake ...	12c	1.09	11
McKinley Sec.	5c	.60	8.3
Noranda	‡$2	67.00	...
Nipissing	37c	1.76	...
North. Empire	50c	7.75	6.4
Oro Plata	†4c	.75	...
Pioneer, B.C.	40c	3.00	13.3
Pickle Crow	40c	4.75	8.4
Placer Develop.	$1.20	15.00	8
Premier	12c	2.05	5.8
Reno	12c	.49	...
San Antonio	14c	1.30	10.7
Sheep Creek	12c+2c	1.00	*14
Silbak Prem.	†4c	1.85	...
Siscoe	20c+1c	2.35	*8.9
Sudbury Basin	10c	2.75	3.6
Sullivan Cons.	5c	.95	5.2
Sylvanite	20c+5c	3.40	*7.3
Teck-Hughes	40c+10c	4.75	*10.5
Toburn	8c+4c	2.15	*5.5
Ventures	37½c	5.65	...
Wright-Harg.	40c+30c	7.40	*9.4

†Initial. ‡Interim. *Yield includes bonus.

Grant Delisting Of Teck's Stock

S. E. C. Approves Plan to Withdraw From New York Curb

Securities and Exchange Commission, Washington, has granted the application of Teck-Hughes Gold Mines for permission to withdraw from listing and registration on the New York Curb Exchange 4,807,144 shares of $1 par value capital stock. Approval of the application became effective at the close of trading July 1.

Teck-Hughes' reasons for withdrawal were that the additional facilities of the New York Curb Exchange were not necessary for the protection of investors since the shares are actively traded on the Toronto Stock Exchange, which market is readily available for American stockholders, and also on the Montreal Curb Market. Company also claimed that the advantages, if any, of having the stock listed and registered on the New York Curb Exchange do not warrant the expenditure of the time and money necessary to meet the rules and regulations which must be complied with in order to continue listing and registration.

Cost of Compliance

Perry Nugent Tapley, assistant treasurer, who appeared as a witness for the company at the hearing, estimated the cost of such compliance at between $300 and $400 per annum for the employment of outside accountants, plus the time of the regular employees of the company.

In its findings the S.E.C. says: "The wisdom of a corporation which reported a net profit of over $2,000,000 for the year ended Aug. 31, 1937, in effecting this limited economy at a sacrifice of the protection which its stockholders receive from the provisions of the Securities Exchange Act of 1934, and the rules and regulations under that Act, may well be doubted. But although we may differ with the judgment of applicant's directors, this cannot affect our disposition of the matter in view of our limited powers under the Act respecting this type of application."

Aldermac Ore Develops Well

Diamond Drilling Gives Interesting Results Below 6th Level

The new ore body located by diamond drilling between the sixth and eighth levels at Aldermac Copper Corporation's property in Beauchastel township, Quebec, is stated to be developing in a satisfactory way. It is stated, however, that it is as yet impossible to say definitely what is the relationship of these new indications to previously known ore. While it is apparent from results to date that an important tonnage of ore has been indicated the management has decided to wait until a clearer picture is had before presenting it to shareholders.

The first drill hole from the sixth level cut two sections of ore above and below the fault. The first was 140 ft. long and assayed 2.03% copper and .01 oz. gold. The second section was 91 ft. in length and ran 1.27% copper and .09 oz. gold and more than 2 oz. of silver.

The second hold evidently missed the ore body expected but cut typical mine ore which is thought to be the upward extension of the ore body on the eighth level.

The third hole 100 ft. farther west cut 147 ft. above the fault which graded 2.02% copper and .04 oz. gold. Below the fault the hole showed the usual low gold values and copper values slightly below mine grade.

Another hole is being drilled 50 ft. east of the first hole.

Oil Company Options

United Oils—Advises that gas and oil leases purchased cover L.S.D. 9, 10, 11 and 12, sec. 11, twp. 22, range 4, west of fifth. Leases are subject to the usual royalty of 10% of gross production to the province of Alberta and a royalty of 3% to James McLaren Nicoll, the sub-lessee.

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The Week in Oils

Oil Men Seek Reduction In Rail Freight Rates

Guarantee of Sufficient Volume of Oil Claimed to Be First Requisite — May Output Sets Record

From Our Own Correspondent

CALGARY. — Much interest has been shown here in the meeting at Ottawa last week of a number of railway executives and oil men to discuss the movement of crude oil from Turner Valley to Ontario and Quebec refineries.

Calgary oil officials did not have a very warm greeting for the announcement by the C. N. and C. P. railways that they would be prepared to reduce freight rates to eastern Canada "somewhere below $1.50 a barrel."

Speaking on behalf of crude producers, W. S. Campbell, president of the Petroleum Producers' Association, declared the rate must be less than $1 a barrel.

Association Will Act

"Unless the railways are prepared to consider this matter seriously, the Petroleum Producers' Association will have to take immediate action in considering some of the proposals already made for the commencement and construction of a pipeline east and west of Turner Valley.

"It is hoped this matter will not be delayed to the point where the railways will find it too late to reconsider. The greater the potential and crude oil reserves, the easier it will be to solve the problem of transportation and markets," Mr. Campbell said.

448,363 Barrels in May

Meanwhile the Turner Valley continues to make progress. Crude oil deliveries from Turner Valley during May totalled 448,363 barrels which sets another all-time record comparing with 379,213 in April and 406,644 in March which had been the previous high record.

On this basis it is estimated that if the average production of the past five months is maintained for the balance of the year, total deliveries will be 4,780,344 barrels or in the neighborhood of 13,000 a day.

Four New Wells

Four new wells which are now drilling will be brought in shortly, it is expected. These four are Coronation, Mercury, Royalite 31 and Globe Royalties. Coronation was reported to have stopped drilling on Monday of this week at 7,572 feet, 470 feet in the lime. In the last 24 hours of drilling it was stated 77 feet of hole was made which indicates soft porous lime, a condition which usually means good production. Royalite No. 31 was drilling at 7,091 feet in Upper Blairmore formation, just above the lime. Globe Royalties and Mercury are also understood to be making good progress. Mercury in fact, it is stated, reached the lime 900 feet higher than Vulcan Brown in an adjoining subdivision while Globe Royalties in fact is stated to be already in but has not yet been acidized or potential set.

Okalta No. 6 is drilling below 8,660 feet and logging satisfactorily. Anglo-Canadian No. 2, about eight miles south of the nearest producer, was spudded in last Saturday.

Drilling at Lethbridge South

An interesting operation is that of Lethbridge South which is drilling at 3,850 feet in Blairmore formation. This well is testing a new structure and it is expected that the lime will be contacted at about 4,000 feet.

Meanwhile the Calgary City Council has granted the British American Oil Company the concessions which that company had been seeking prior to commencing the construction of its new refinery here. A plebiscite will be taken on July 20 to confirm approval.

Vulcan-Brown Blows In

Vulcan-Brown blew in last week, and has now taken the place of the largest crude oil producer in Turner Valley.

In fact, the well produced so much oil the day it came in that officials decided to put it on its quota under proration at once, and not wait for a three-day test to determine a temporary potential. The well produced 5,720 barrels of crude in 24 hours shortly after it came in. Placed on 37 per cent of the potential, determined as two thirds of the capacity flow in 24 hours, the well is now yielding over 1,000 barrels a day.

Following closely on the heels of sensational performances of the Frontier and Commoil 1 wells, following acid treatment, Vulcan-Brown has proved the prolific crude production area of Turner Valley to extend a mile to the north. Vulcan-Brown is located a mile to the north of Royal Crest, previously the farthest north Turner Valley producer on the southwest flank of Turner Valley.

Drill New Well

The Royalite Co. will commence a well in the near future in the same section in which Vulcan-Brown was drilled—Section 5. Some consideration, it is understood, is also being given to the practicability of deepening Mayland 3, a small naphtha producer, drilled during the naphtha boom days, in view of its location a short distance to the north and east of Vulcan-Brown.

Royalite 32 was drilling 6,341 feet and Royalite 33 from 4,564 feet. Montreal interests will drill a well on the acreage of Southfield Syndicate in section 13, township 19, range 3, west of the fifth, slightly over a mile northwest of the large Vulcan-Brown producer.

Farthest West Well

Royalite 30, important recent completion in south Turner Valley in view of the fact that it is the farthest west well completed in the south end of the field, is on an 11-day test to determine permanent potential. It will be operated for ten days on the proration allowance of 37 per cent of its temporary potential of 501 barrels a day.

Lion Oils Plans Calgary Refinery

Lion Oils, an independent Calgary organization, has completed plans to build another $400,000 refinery in that city, with capacity of 1,000 barrels daily. The new plant will provide additional refining facilities for the expanding oil production of Turner Valley.

It is understood that Lion Oils will attempt to secure taxation concessions similar to those which British American Oil Co. is asking Calgary to grant it. The plebiscite on British American's proposal to construct a 4,500-barrel refinery, to cost $1,350,000, has been arranged for July 20.

Surf Point Mine Earns $9,160 in 13½ Months

Profit of $9,158 is shown by Surf Point Mines in the 13½ months period Feb. 15, 1937, to March 31, 1938. Surf Point is a subsidiary of Reward Mining Co. Ltd. Total operating revenue was $124,929, but with mining and milling charges deducted amounting to $100,418, a gross profit of $24,511 is shown. Development charges were $8,091 leaving $16,420 to which miscellaneous profit of $468 is added, bringing total net results of the year to $16,888. When from this is deducted $7,728 for depreciation, net profit of $9,160 is left.

Work on Edye Pass Mines was discontinued but may be resumed when capital becomes available.

The company also has a large stock holding in Reward Oils Ltd., which has two wells. Reward Spooner No. 1 is now in production.

Faulkenham Lake In Hammell Deal

Starratt Mines Ltd. to Take Over Starratt Olson Property

Under an agreement reached between Faulkenham Lake Gold Mines Limited and John E. Hammell a new company to be known as Starratt Mines Limited will be formed which will own the Starratt-Olson property (often referred to as the Val d'Or property) adjoining the ground owned by Faulkenham Lake Gold on the northwest.

Starratt Mines Ltd., will have an authorized capitalization of 3,000,000 shares of which 2,000,000 will be issued in connection with the initial financing and acquisition of the property. Faulkenham Lake Gold will be the controlling stock holder in the company and will own 1,500,000 shares and John E. Hammell and Robert W. Starratt will own 500,000 shares.

One million shares will remain in the treasury of the company to be issued for additional financing if and when necessary. A sum of $120,000 will be paid into the treasury of the new company by Faulkenham Lake for its interest therein and funds for this purpose will be raised by the sale of treasury shares of Faulkenham Lake Gold. It is stated officially that a rich and extensive ore body giving average assays of $18.90 across 7.8 ft., for a length of 350 ft. has been found on the eastern part of the Starratt property, and shaft sinking will be started at once.

Meanwhile development work on Faulkenham Gold itself is stated to be giving satisfactory results.

As the workings of the two properties are so close together it will eliminate a certain amount of duplication of organization and equipment. The new company will also have the counsel of Mr. Hammell, his engineer, B. H. Budgeon, and A. G. Hattie, manager of Pickle Crow.

Porcupine Lake Gets $3,100 in Clean-up

H. H. Sutherland, vice-president of Porcupine Lake Gold Mining Co., advises The Financial Post that a partial mill clean-up early in June removed 98 Troy oz. from the circuit, with gross value of about $3,100. It is estimated that there is approximately $2,000 tied up in the concentrates, which will be marketed when enough have accumulated to make a shipment to the smelter.

Because of the expense of sorting, all material broken is sent to the mill, which has the effect of reducing the grade of ore at present being milled. Values secured in drifting north on the 362-ft. level run from 35 cents across 18 in. to $55.30 across 8 in. As the main ore shoot on the 280-ft. level has a slight rake to the northeast, work is about 65 ft. south of the point where its downward extension on the 280-ft level can be expected to be encountered.

The mine manager expects no difficulty in cutting, on the second level, the downward extension of the main ore shoot, as the vein was penetrated below this level by three diamond drill holes, all of which showed visible gold.

Nugold Joins Producers By Last Week of July

With the company anticipating that mining and milling costs will run under $4 per ton, Nugold Mining Corp., at Blockhouse, Nova Scotia, expects that its mill will be ready for permanent production by the last week of July. Underground mining, when three other veins will be explored in addition to past workings, will resume at the beginning of July.

Nugold has built a new and higher headframe and installed an automatic conveying system to the new crusher house. Crushed ore will be carried to the mill by another conveyor. Flow sheet has been completely revised; the expected costs of mining and milling are based on last year's figures during the period of experimental milling.

Mining Industry Needs Executives

P. D. P. Hamilton Says Business Training Required

So rapidly has Canada's mining industry grown during the past few years that there is a definite lack of experienced personnel capable of holding executive positions, writes P. D. P. Hamilton in a paper entitled "Co-ordinated Engineering in the Mining Industry," appearing in the June issue of the Bulletin, Canadian Institute of Mining and Metallurgy.

While some mining companies do train their staffs for engineering positions, they neglect that part of the training which would qualify these men to become business executives, Mr. Hamilton says. "The mining companies as a whole should feel that there is a moral obligation to the industry to train individuals along general business procedure relative to the industry. As these individuals are trained, the companies should welcome an opportunity to place the younger men in responsible executive positions, not necessarily within their own organization."

Mr. Hamilton's paper analyzes the types of engineering experience required in bringing a mining enterprise from the early prospect stage into production, the chief topics discussed being the acquiring of raw materials, their processing and marketing, personnel, and the importance of close co-operation.

Ore Worth $1.7 Million In Sight for Gold Belt

Total of 82,990 tons of ore containing 50,165 oz. of gold valued at $1,755,775, is in sight at the Gold Belt Mine, Sheep Creek district of British Columbia, according to H. G. Lynch, M.E., in a report on the property submitted to North American Mines of Boston. By Sept. 1, ore in sight should be increased by about 25,000 tons, Mr. Lynch says.

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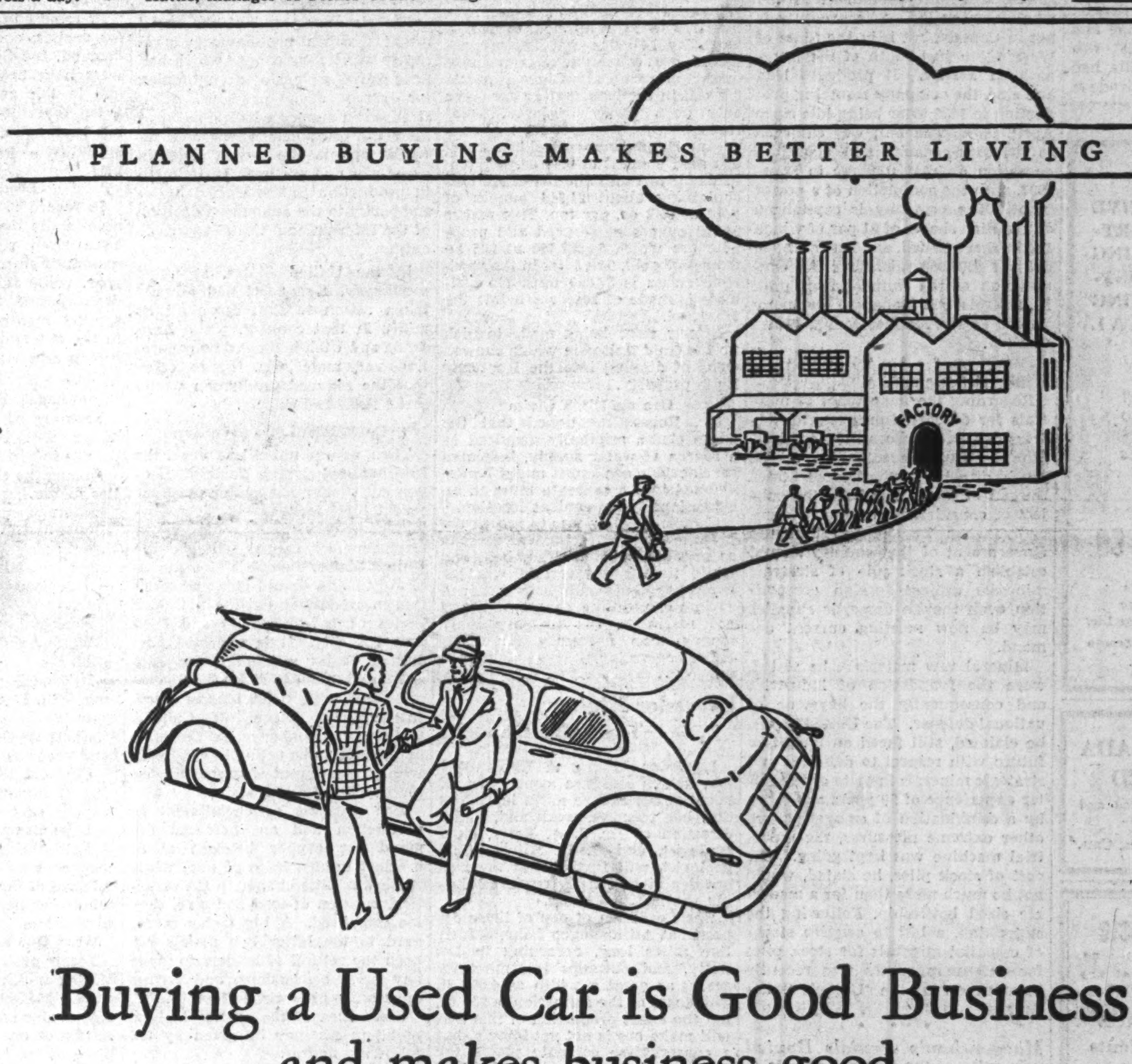
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It is good business for you because you get many thousands of miles of motoring satisfaction—give your family all the advantages of motor car ownership—yet pay far less than the car cost when new.

It makes business good for everybody because your purchase of a used car stimulates the sale of new cars; increases activity and employment in factories which employ more than 30,000 Canadians and pay out more than $50,000,000 a year in salaries and wages; speeds up the flow of dollars through a myriad of Canadian incomes, enhancing the prosperity of the whole country. Indirectly a share of this increased wealth comes right back to you.

Reliable automobile dealers are in a position today to offer you your choice of a great number of exceptional bargains in good used cars. You can find just the car you want at a price you can sensibly afford to pay. And, through Industrial Acceptance Corporation finance plans, by paying only a part of the price in cash and arranging modest monthly payments for the balance, you can start right in to enjoy all the advantages that a car will give you.

Buying out of income is a sane, intelligent way to accumulate durable, worthwhile articles which really will contribute to your health, your convenience, your comfort—such as a motor car, an electric refrigerator, a washing machine.

It is not a plan by which people who cannot afford these comforts can have them. In fact responsible finance companies, such as Industrial Acceptance Corporation, do their best to prevent people buying beyond their means. But it does enable those whose incomes more than cover essentials, to have modern conveniences and comforts while they are paying for them.

Through the judicious use of Industrial Acceptance Corporation finance plans, thousands of thrifty Canadians have used their incomes to the best advantage in adding to their comfort and convenience and improving their standard of living.

Industrial Acceptance Corporation
Limited
Sun Life Building — Montreal

AN ALL-CANADIAN COMPANY — 25 BRANCHES FROM COAST TO COAST